



Australian Government

**Department of Communications,
Information Technology and the Arts**

Annual Report 2005–06

Department of Communications,
Information Technology and the Arts

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For further information about this report contact:

Manager
Corporate Governance
Department of Communications, Information Technology and the Arts
GPO Box 2154
Canberra ACT 2601

Email: dcita.mail@dcita.gov.au

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Letter of transmittal



Australian Government
**Department of Communications,
Information Technology and the Arts**

our reference

Secretary

Helen Williams AO

Senator The Hon Helen Coonan
Minister for Communications,
Information Technology and the Arts
Parliament House
CANBERRA ACT 2600

Dear Minister

In accordance with the provisions of section 63 of the *Public Service Act 1999*, I present to you my report on the operation of the Department of Communications, Information Technology and the Arts for the financial year ending 30 June 2006.

The Requirements for Annual Reports, approved by the Joint Committee of Public Accounts and Audit, require that a copy of the report be laid before each House of Parliament on, or before, 31 October 2006.

Yours sincerely

A handwritten signature in black ink that reads "Helen Williams".

Helen Williams
6 October 2006

Table of contents

Letter of transmittal	iii
Guide to the Annual Report	viii
Section 1 Overview	1
Secretary's review	2
Departmental overview	10
Section 2 Performance review	21
Outcome 1	23
Resources for Outcome 1	24
Performance information index	25
Achievement of Outcome	26
Administered items	33
Output 1.1	48
Output 1.2	61
Outcome 2	73
Resources for Outcome 2	74
Performance information index	75
Achievement of Outcome	76
Administered items	81
Output 2.1	87

Outcome 3	93
Resources for Outcome 3	94
Performance information index	95
Achievement of Outcome	97
Administered items	123
Output 3.1	146
Output 3.2	156
Output 3.3	165
Output 3.4	169
Output 3.5	172
Section 3 Management and accountability	177
Corporate governance	178
Judicial decisions and decisions of administrative tribunals affecting the operation of the Department	187
Client Service Charter	188
Management of human resources	191
Information technology	200
Regional network	201
Legal services	202
Purchasing	203
Consultants	203
Competitive tendering and contracting	205
Financial management	205
Asset Management	207

Section 4 Appendices	209
Portfolio agency contact details	210
Parliamentary Committees	212
External scrutiny	220
Legislation and statutory instruments	222
Staffing statistics	226
Performance Reporting 2005–06	230
Freedom of information	238
Advertising and market research	244
Discretionary grants	252
Ecologically Sustainable Development and environmental performance	253
Section 5 Financial statements	255
Other information	365
Glossary of terms	366
Glossary of acronyms	372
Corrections to the 2005–06 annual report	377
Compliance index	378
Subject index	380

Guide to the Annual Report

This report outlines the performance of the Department of Communications, Information Technology and the Arts for the financial year ending 30 June 2006.

The report is prepared in accordance with the Department of the Prime Minister and Cabinet's Requirements for Annual Reports, released in June 2006

Under these requirements, the Department must report against the outcomes, administered items, outputs, and performance and budget information in the Department's 2005–06 Portfolio Budget Statements (PBS), Portfolio Additional Estimates Statements (PAES) and Portfolio Supplementary Additional Estimates Statements (PSAES). It is suggested that the Annual Report is read in conjunction with these documents.

The report is structured as follows:

Section 1—Overview

This section contains a review of the year by the Department's Secretary and an outline of the Department's roles and functions, organisational structure, portfolio agencies and outcome and output structure.

Section 2—Performance review

This section provides a report on the Department's performance against its outcomes. These outcomes cover arts and culture, sport and communications.

The performance information is reported against the success measures in the 2005–06 PBS and PAES. The success measures are supported by a number of performance indicators in the PBS and

PAES. To assist coordination between the documents, a table linking the performance information in the annual report to the PBS or PAES performance indicators is provided at the beginning of each of the outcome reports in section 2.

Section 3—Management and accountability

This section reports on the Department's management practices, including its governance arrangements and management of its human and financial resources.

Section 4—Appendices

The appendices provide supplementary information such as human resource statistics, appearances before parliamentary committees and mandatory reports such as the Department's performance in implementing the Commonwealth Disability Strategy.

Section 5—Financial statements

This section contains the Department's audited financial statements for 2005–06.

Following the financial statements is a list of acronyms and an index to assist the reader.

01

Overview



Secretary's review 2005–06

The year 2005–06 proved to be another busy one for the Department. A wide range of activities was undertaken, building on the achievements of the previous year and laying the groundwork to deliver important policy and program outcomes

The Department continues to face the challenges and opportunities brought about by the convergence of technologies and fast moving markets. It is becoming increasingly apparent that policy development and regulation needs to anticipate a wide variety of scenarios. Content in all its forms remains a key driver of innovation and market growth. Businesses and individuals alike place high store on the importance of quality access to communications and information technology services as enablers of key sectors of government and the economy.

Activity in the cultural and sports sectors was also considerable, with the need to continue to build a vibrant and innovative culture in both the traditional and the contemporary arts, and a successful and drug-free Australian sport system.

In addition, particular emphasis continues to be placed on the delivery of programs from across the Department's areas of responsibility in regional and remote Australia.

Overall, the increasing impact of technological convergence and the rising importance of content, particularly digital content, for programs across the Portfolio's areas of responsibility enabled the Department and the wider Portfolio to reinforce internal synergies while, at the same time, strengthening linkages with other areas of government.

Policy development and review

Policy development and review remains one of the Department's core activities. While it was again a very significant activity across all areas of the Department during the year, certain areas have been selected here as of particular importance.

The review of the telecommunications regulatory regime was completed and formed the basis of adjustments to the competition regime which were passed by the Parliament. Legislation enabling the sale of the Government's remaining shares in Telstra was also enacted.

Among the range of reforms developed to achieve a robust regulatory regime, a key focus was the development of a statutory framework for the operational separation of Telstra which will reinforce transparency and equivalence in the supply of wholesale services to other telecommunications companies.

Regional telecommunications activity was also a major priority with legislation passed to enable regular reviews of regional telecommunications by a Regional Telecommunications Independent Review Committee, the establishment of the \$2 billion Communications Fund and the imposition of a licence condition on Telstra requiring it to maintain a local presence in regional, rural and remote Australia.

The digital television regulatory framework remained an important policy area for the Department. Building on the release of policy papers on the commercial broadcasting licence moratorium, spectrum allocation, High Definition television and multi-channelling, a particular focus was on the development of a discussion paper on media reform options which was released in March 2006. This included proposals for a Digital Action Plan to drive take-up and conversion, options on media ownership reform and the digital television framework, and proposals to allocate spare

broadcasting spectrum for new services. The Department also finalised a policy framework for the introduction of digital radio in Australia.

Other areas of activity included the preparation and adoption by the Government of a report on Voice over Internet Protocol services which addressed issues relating to the deployment, consumer protection and impact of other next generation network services, the finalisation of a review of content delivered over convergent devices such as 3G mobile phones and subscription based internet portals, and the development of measures to protect families from exposure to offensive content in the online environment.

Support for the development and application of Australia's information and communications technology capability continued to be a key issue. Particular attention was paid to work on skills with the release of the Report of the ICT Skills Foresighting Group *Building Australian ICT Skills* and the conduct of the 'partICipAtion Summit'. The Department's work on the productivity impact of ICT continued with the publication of a paper presenting forecasts of productivity growth in 15 major sectors of the Australian economy between 2004 and 2020.



Senator Helen Coonan, making opening address at the partICipation Summit in Sydney, September 2005.

An important focus during the year from a whole-of-government perspective was the need to raise awareness about the security aspects of critical infrastructure protection. The Department has a vital role in facilitating networking and information sharing between owners and operators of critical infrastructure. A number of key e-security issues were also advanced during the year, including commencing the review of the E-Security National Agenda and, through the Communications Sector Infrastructure Advisory Group, developing and testing a risk management framework for the sector.

In addition, further progress was made during the year on developing e-business standards and on addressing the ongoing challenge of spam to business efficiency.

The increasing importance of digital technology to the cultural sector was reflected in the priority given to the finalisation of the Digital Content Industry Action Agenda report. The Department also initiated a comprehensive review of film incentives and funding, building on its review of current incentives for film including of 10BA and 10B of the *Income Tax Assessment Act 1936* and of the refundable film tax offset.

Following the review of the major symphony and pit orchestras in Australia, chaired by Mr James Strong AO, the Department reviewed the governance and operational arrangements of the two specialist opera and ballet orchestras. The Government agreed to provide funding to implement the findings of this review and to ensure the orchestras' ongoing sustainability. A further review, of the Australian National Academy of Music and the Australian Youth Orchestra, identified key directions for elite classical music performance training.

In the sports area, a highlight was the establishment of the Australian Sports Anti-Doping Authority as the central organisation in Australia's anti-doping activities. This work was a key priority of the Department during the year and the Authority was recognised by the Director-General of the World Anti-Doping Agency as representing world's best practice in tackling the challenge of doping in sport.

Program implementation

Effective and efficient program delivery is increasingly an important benchmark for the Department, and has been brought into greater focus by the Government's decision to provide \$1.1 billion, commencing in 2005–06, for the Connect Australia suite of programs for communications in regional, rural and remote Australia.

The Department maintains a culture of continuous improvement in program management and accountability and the practical online reference guide, *A practical guide to program administration*, which had been developed in the previous year, became operational in 2005–06. Emphasis was also placed on measures to improve the Department's monitoring role and on ensuring maximum program transparency and accountability.

The establishment of the Connect Australia suite of programs was, of course, a high priority for the Department during the year. The implementation of Connect Australia's four individual program elements which provide broadband

to people living in regional, rural and remote areas, extend mobile phone coverage, provide innovative broadband networks for new applications to improve access to health, education and other government services, and set up vital telecommunications services for remote Indigenous communities requires careful cross-program planning and coordination. By 30 June 2006, significant progress had been made in designing these individual components.

A major highlight of the year was the 2006 Commonwealth Games in Melbourne. More than 30 Australian Government agencies were involved in this event and the Department was the lead agency in coordinating Australian Government financial support and services for the Games, and in designing and negotiating Australian Government signage and branding at Games events.

Indigenous program delivery was a special area of attention during the year. In addition to the support provided through its Indigenous art and culture programs, Indigenous sport and recreation programs and Indigenous broadcasting program, the Department is increasingly participating in Shared Responsibility Agreements with Indigenous communities. Demand for funding from the Department's Indigenous programs remains high.

The Department treats client feedback seriously and it was pleasing that clients continued to rate the

Department's performance well overall. The annual client service survey demonstrated continuing levels of satisfaction, with 97 per cent of survey respondees rating the Department's services as satisfactory to excellent. However, it also identified particular areas where further improvements can be made and these areas will be the focus of additional work in 2006–07.

Departmental management

The Department continued to build on its achievements over recent years in strengthening its corporate and financial management and governance frameworks and in increasing its focus on building the capability of its staff.

In recognition of the changes brought by convergence and the increasing interdependence of work across areas of the Department, a restructure of the former Communications and Information Economy divisions of

the Department was planned to come into effect from 1 July 2006. At the same time, a review of cross-department co-ordinating mechanisms was undertaken to facilitate greater policy and program linkages across divisions and to achieve a stronger whole-of-department approach. The new co-ordinating mechanisms will also take effect from 1 July 2006.

Maintaining and increasing the skills and quality of the Department's staff remained a high priority in an environment where the competition for skilled staff was continuing to increase. Work to form a foundation for upgrading capability has included the completion of a comprehensive five-year workforce plan based on an analysis of workforce data since 2002, a capability framework identifying generic competencies, a new suite of Department-specific development programs and a tailored training program for staff in the Department's regional network.

Young participants in the 2005 'Vibe 3on3' Indigenous sporting event in Rockhampton. Photo by Andrew Rosenfeldt, courtesy Vibe Australia.





APS Level 1 participants
in the Department's 2005
school leaver program.

Governance issues have been incorporated into the new capability programs.

The significant competition among public sector agencies for high quality entrants led the Department to conduct a review of its entry level recruitment strategy. This resulted in an extension of the Graduate Program intake and the piloting of an intake of recent school leavers, both aimed at boosting the diminishing cohort of ongoing staff at the APS1–4 level. Eight school leavers from Canberra and the surrounding region were recruited under the pilot school

leaver program and the staff are participating in a nine month program of work placements and learning and development opportunities, at the end of which they will be placed in the various divisions in the Department.

In the area of finance and budgets, the ongoing focus on business improvements and enhanced management practices was reinforced by preparations to implement a budgeting and reporting tool that will provide the Department with improved financial information. The accountability framework was further consolidated during

the year with the development of 14 new procedural rules and the appropriate updating of the existing Chief Executive Instructions, procedural rules and financial instructions and delegations. For the third consecutive year, the Department received an unqualified audit report for its financial statements for 2005–06.

A more robust and effective computing environment was introduced during the year which included the deployment of new desktop computers, and internal staff satisfaction with IT services increased by two per cent to 84 per cent. An important achievement was the implementation and testing of the Department's IT Disaster Recovery solution which provides full replication ability for critical business systems.

The legislative workload of the Department remained high with the Legal Group involved in the development of a wide range of Bills and subordinate legislation. Of particular note was legislation related to the sale of the Government's remaining equity interest in Telstra. Other important legislation concerned the establishment of an operational separation framework for Telstra, the Communications Fund, the Do Not Call Register and the Postal Industry Ombudsman, the formation of the Australian Sports Anti-Doping Authority and the extension of the Film Licensed Investment Company scheme.

The year ahead

The Department again faces a very challenging but interesting year in 2006–07.

A key focus will be on delivering better broadband outcomes to Australians in regional, rural and remote areas. Work on an effective Broadband Blueprint and delivery of the Connect Australia package are major priorities in this key area of interest for the Government. The responses to the Expressions of Interest process for the Broadband Connect element of Connect Australia, which is testing the feasibility of funding large scale infrastructure projects, will inform the development of this vital program. Strong linkages with the other components of Connect Australia are being put in place to maximise community outcomes as these programs reach full operation.

The development of legislation to give effect to the Government's proposals for a new media framework will be a further key priority, as will the finalisation of the Digital Action Plan and work on the allocation of unassigned digital television channels including possible licence conditions.

International and domestic security concerns will require increased attention, particularly in the areas of critical communications infrastructure, law enforcement and maintaining a safe and secure online environment. The review of the E-Security National Agenda will require sophisticated analysis of Australia's policy and operational framework in the light of rapid technological change and the continued emergence of more complex online threats.

A major challenge in the cultural area will continue to be designing and delivering programs that increase sustainability for cultural organisations. The Department will also conclude a review of Australian Government film funding programs which is raising important questions about the ways in which Government assistance to that sector can be delivered and about the scope for encouraging greater private sector investment.

In the sport area, priority tasks include a proposed review of sport funding, a review of the Australian Sports Commission's enabling legislation to ensure it has an appropriate charter to deliver the Government's sport policy, the development of an insignia protection framework for sport and a review of the sport industry action agenda, Gameplan 2006.

The year 2005–06 has been one of considerable pressure for staff of the Department and I would like to place on record my appreciation and thanks for the high degree of commitment, professionalism and expertise that have enabled so many important achievements to be recorded.



A handwritten signature in black ink that reads "Helen Williams". The script is fluid and cursive.

Helen Williams

Departmental overview

The vision of the Department of Communications, Information Technology and the Arts is of a better future for all Australians through the continued development of world-class Australian communications, information technology, cultural and sport sectors

The goal of the Department is to contribute to the development of telecommunications, broadcasting, information technology, cultural and sports sectors in Australia that are:

- vigorous and sustainable in a global environment;
 - innovative, creative and support excellence;
 - increasingly accessible to all Australians; and
 - enhancing the efficiency and productivity of the Australian economy.
- values responsiveness, initiative, flexibility, innovation and creativity;
 - provides a safe working environment;
 - promotes diversity, learning and development, communication and equity in employment;
 - supports staff to achieve an effective work/life balance; and
 - encourages the sharing of knowledge between staff.

To support this vision and goal, the Department is committed to providing high-quality strategic advice and professional support to ministers and the Australian Government on a wide range of policy areas including broadcasting and online regulation, telecommunications, information and communications technology (ICT), the information economy, cultural development and the arts, and sport.

The Department also administers legislation and regulations, and delivers a wide range of programs and services.

In pursuing its goal, the Department is committed to the APS Values and Code of Conduct. In particular, it:

- applies the highest standards of professionalism, ethics, probity and accountability;

Corporate priorities

The Department's corporate priorities are set out in the Corporate Plan 2005–08. The key sectoral business priorities for 2005–06 are listed below.

Priorities for 2005–06

Communications

- undertake and implement reviews of telecommunication regulatory arrangements;
- finalise the implementation of the Regional Telecommunications Inquiry;
- finalise a Telstra local presence plan;
- undertake a tender for the National Relay Service;
- progress digital radio policy;
- finalise announced broadcasting reviews;

- review the funding adequacy and efficiency of the Australian Broadcasting Corporation (ABC), and undertake reviews of ABC and Special Broadcasting Service triennial funding;
- implement programs that improve access for regional and remote Australians, including Indigenous Australians, to television, radio, broadband and other telecommunications services;
- contribute to examining telecommunications privacy issues, including the implications for emergency services and law enforcement of changed access to personal telecommunications data;
- consolidate institutional reform of the communications regulators; and
- contribute to the outcomes of the World Summit for the Information Society Ministerial Meeting and the International Telecommunications Union Plenipotentiary Meeting.

Information economy

- support the development of Australia's ICT industry and the contribution of ICT to broader economic growth by implementing the established framework for industry growth and the Government's election commitments, including work on skills, ICT priorities, connectivity and standards development, and associated productivity studies;
- implement the Government's anti-spam strategy including establishing and leading international partnerships, improving anti-spam regulation in other countries and supporting anti-spam technical measures;
- support the protection of Australia's critical infrastructure by participating in the Critical Infrastructure Advisory Council framework and the implementation of the Government's e-Security National Agenda; and
- implement the National Broadband Strategy Action Plan.

Arts

- support the national leadership roles of the national collecting institutions through joint programs and initiatives, including the Community Heritage Grants program;
- manage the implementation of Government decisions arising from the Review of Australia's Pit and Symphony Orchestras, and the Review of the Australian National Academy of Music and the Australian Youth Orchestra;
- consolidate agency-wide strategic initiatives arising from the Review of Cultural Agencies;
- complete the Digital Content Industry Action Agenda;
- continue to evaluate and refine Old Parliament House's education and exhibition programs ahead of the National Portrait Gallery leaving the building in 2007–08;
- work with the project manager (Department of Finance and Administration) on the design and procurement phases of the National Portrait Gallery building project;
- develop a national Indigenous languages framework to guide the delivery of whole-of-government Indigenous language programs; and

- take a leadership role in the management and implementation of key Cultural Ministers' Council initiatives, including completing the redevelopment of the Collections Australia Network, establishing the Collections Council of Australia and developing a strategy for the future of the Return of Indigenous Cultural Property program.

Sport

- implement enhanced arrangements for investigating and hearing sports doping allegations;
- lead Australia's involvement in preparing the United Nations Educational, Scientific and Cultural Organisation (UNESCO) International Convention Against Doping in Sport;
- review the Indigenous Sport and Recreation Program to ensure that it provides an effective contribution to the whole-of-government approach to building Indigenous communities;
- ensure Australian Government representatives and Australian Government agencies are well supported during the staging of the Melbourne 2006 Commonwealth Games; and
- administer financial support for the development of sporting projects approved by the Australian Government.

The Department's achievement of these priorities is discussed in sections 2 and 3 of the report.

Ministerial arrangements

Senator the Hon Helen Coonan served as Minister for Communications, Information Technology and the Arts throughout 2005–06.

Senator the Hon Rod Kemp served as Minister for the Arts and Sport throughout 2005–06.

Department contact details

As at 30 June 2006, the Communications, Information Technology and the Arts portfolio consisted of the Department, including Artbank, Old Parliament House and the National Portrait Gallery, and 20 other agencies.

Contact details for the Department

Department of Communications, Information Technology and the Arts

38 Sydney Avenue Forrest ACT 2603
GPO Box 2154 Canberra ACT 2601
Tel: 02 6271 1000
Fax: 02 6271 1800
dcita.mail@dcita.gov.au
www.dcita.gov.au

Artbank
enquiries@artbank.gov.au
www.artbank.gov.au

Sydney showroom
50C Rosebery Avenue
Rosebery NSW 2018
Tel: 02 9662 8011
Fax: 02 9662 2563

Melbourne showroom
845 High Street Armadale Vic 3143
Tel: 03 9500 2119
Fax: 03 9500 2612

Old Parliament House
King George Terrace Parkes ACT 2600
GPO Box 2154 Canberra ACT 2601
Tel: 02 6270 8222
Fax: 02 6270 8111
info.oph@dcita.gov.au
www.oph.gov.au

National Portrait Gallery
Old Parliament House
King George Terrace Parkes ACT 2600
GPO Box 2154 Canberra ACT 2601
Tel: 02 6270 8210
Fax: 02 6270 8181
npg@dcita.gov.au
www.portrait.gov.au

Portfolio structure

Portfolio agencies as at 30 June 2006 are listed below.

Contact details are at appendix 1.

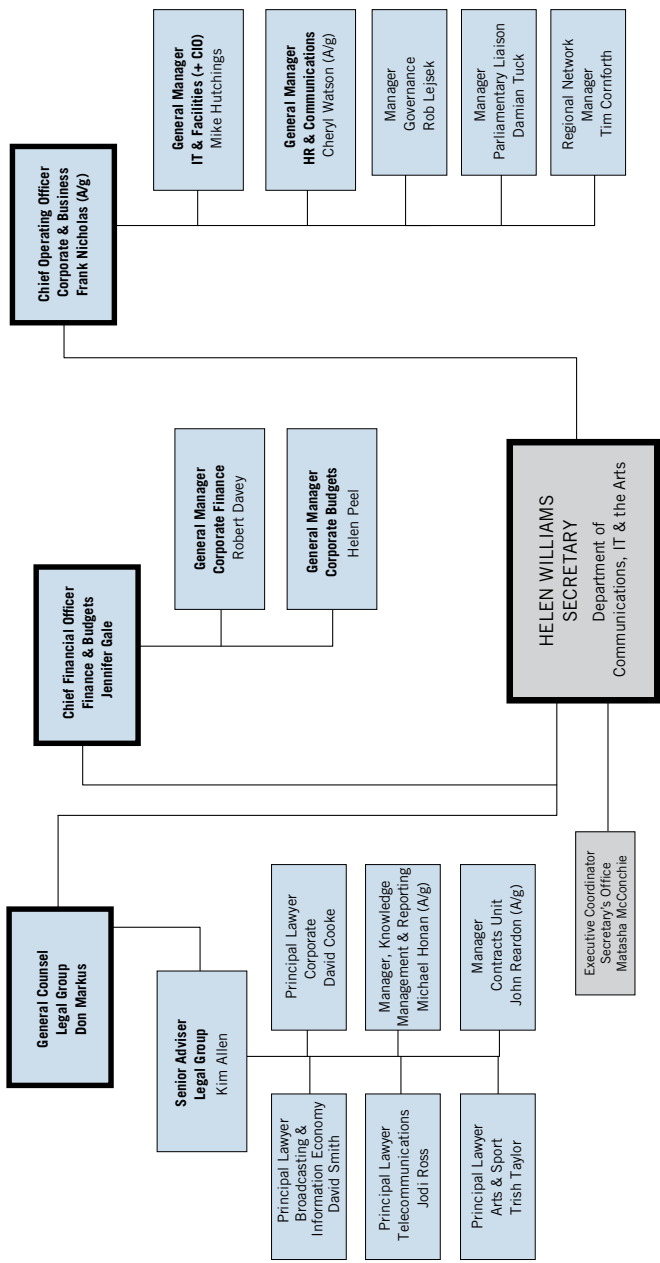
- Australia Business Arts Foundation
- Australia Council
- Australian Broadcasting Corporation
- Australian Communications and Media Authority
- Australian Film Commission
- Australian Film, Television and Radio School
- Australian National Maritime Museum
- Australian Postal Corporation
- Australian Sports Commission
- Australian Sports Anti-Doping Authority
- Bundanon Trust
- Film Australia Limited
- Film Finance Corporation Australia Limited
- National Archives of Australia
- National Gallery of Australia

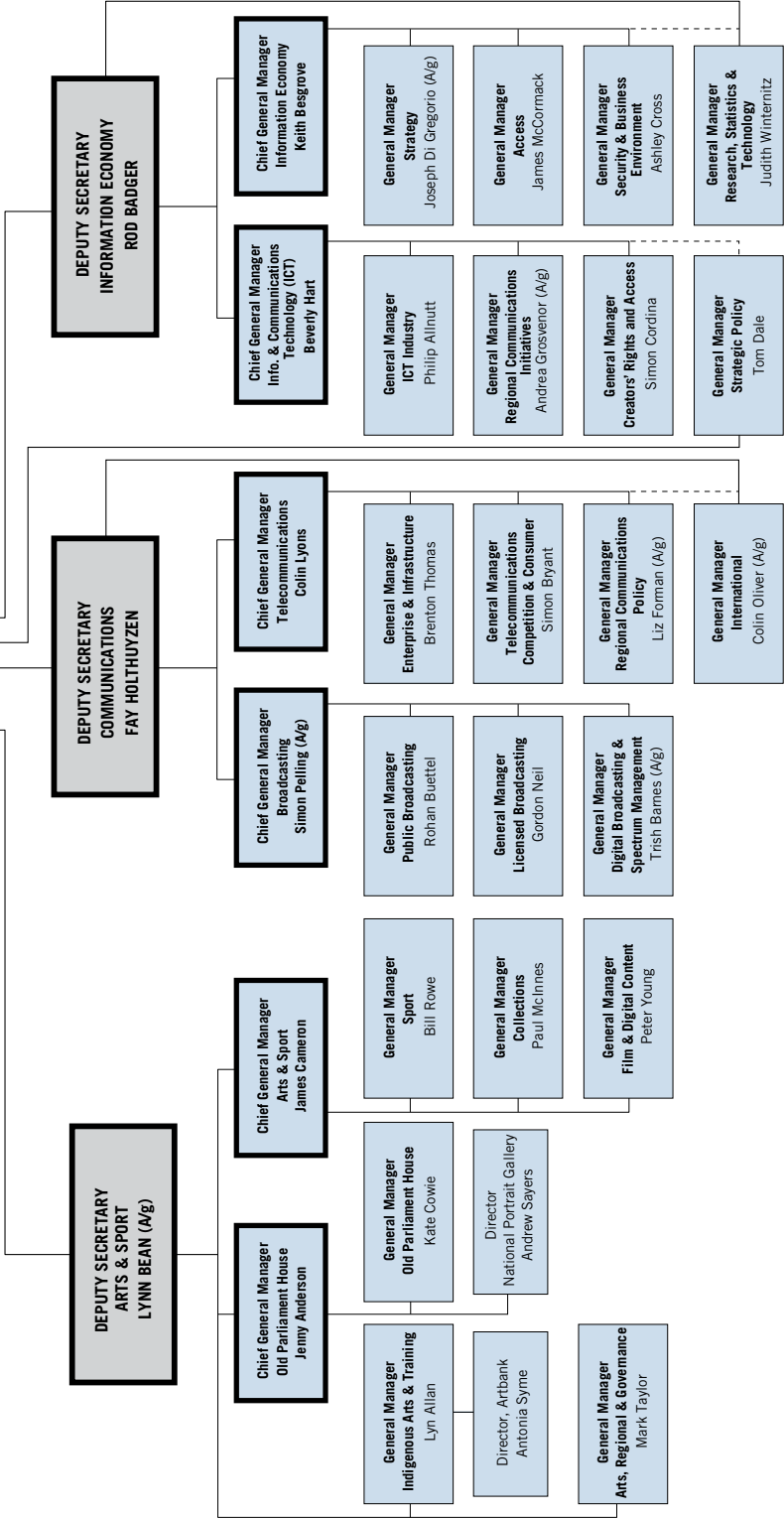
- National Library of Australia
- National Museum of Australia
- NetAlert Limited
- Special Broadcasting Service Corporation
- Telstra Corporation Limited

Department's organisational chart (overleaf)

The Department is organised into divisions which broadly support the outcome and output structure. The organisational chart overleaf reflects the organisational structure as at the end of June 2006.

DCITA Organisational chart





Departmental Executive

The Department's Executive comprises Helen Williams AO, Secretary of the Department, Fay Holthuyzen, Deputy Secretary for Communications, Rod Badger, Deputy Secretary for Information Economy, and Lynn Bean, Acting Deputy Secretary for the Arts and Sport. The role of the Executive Group is discussed in detail in section 3 of this report.



The Department's Executive, Lynn Bean (Acting Deputy Secretary, Arts and Sport), Helen Williams (Secretary), Dr Rod Badger (Deputy Secretary, Information Economy), Fay Holthuyzen (Deputy Secretary, Communications).

Outcome and output structure

The Department has a diverse portfolio on which to report. This is based on the outcome and output structures established by the Portfolio Budget Statements for 2005–06 as set out below.

Outcome 1 Development of a rich and stimulating cultural sector for all Australians.

Output 1.1 Policy advice, program management and agency support which promotes excellence in, preservation and maintenance of, and access to Australia's cultural activities, cultural collections and Indigenous languages.

Output 1.2 Preservation of and access to Old Parliament House and the National Portrait Gallery and their respective collections.

Outcome 2 Development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians.

Output 2.1 Policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector.

Outcome 3 Development of services and provision of a regulatory environment which encourages a sustainable and effective communications sector for the benefit of all Australians and an internationally competitive information economy and information and communications technology industry.

Output 3.1 Policy advice and program management which encourages competitively priced and reasonably accessible telecommunications and postal services.

Output 3.2 Policy advice and program management which promote accessible high-quality broadcasting services.

Output 3.3 Policy advice and program management that assist the development of the information and communications technology industry.

Output 3.4 Policy advice on intellectual property issues which supports the objectives of the portfolio, including encouraging the growth of the information economy, the production of content and the promotion of reasonable access to research and cultural materials.

Output 3.5 Strategic advice, activities and representation relating to Australia's development as an information economy, nationally and internationally.

Changes to the outcome and output structure

2005–06 Portfolio Budget Statements	2005–06 Portfolio Additional Estimates	2006–07 Portfolio Budget Statements
Outcome 1 Development of a rich and stimulating cultural sector for all Australians	Outcome 1 No change	Outcome 1 No change
<i>Output 1.1</i> Policy advice, program management and agency support which promotes excellence in, preservation and maintenance of, and access to Australia's cultural activities, cultural collections and Indigenous languages	No change	No change
<i>Output 1.2</i> Preservation of and access to Old Parliament House and the National Portrait Gallery and their respective collections	No change	No change
Outcome 2 Development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians	Outcome 2 No change	Outcome 2 No change
<i>Output 2.1</i> Policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector	No change	No change
Outcome 3 Development of services and provision of a regulatory environment which encourages a sustainable and effective communications sector for the benefit of all Australians and an internationally competitive information economy and information and communications technology industry	Outcome 3 No change	Outcome 3 No change

2005–06 Portfolio Budget Statements	2005–06 Portfolio Additional Estimates	2006–07 Portfolio Budget Statements
<p><i>Output 3.1</i> Policy advice and program management which encourages competitively priced and reasonably accessible telecommunications and postal services</p>	No change	No change
<p><i>Output 3.2</i> Policy advice and program management which promote accessible high-quality broadcasting services</p>	No change	No change
<p><i>Output 3.3</i> Policy advice and program management that assist the development of the information and communications technology industry</p>	No change	No change
<p><i>Output 3.4</i> Policy advice on intellectual property issues which supports the objectives of the portfolio, including encouraging the growth of the information economy, the production of content and the promotion of reasonable access to research and cultural materials</p>	No change	This output has been deleted, as policy responsibility for intellectual property issues was transferred to the Attorney-General's Department on 1 March 2005. Consequently, the previous Output 3.5 relating to Information Economy has been re-numbered as Output 3.4
<p><i>Output 3.5</i> Strategic advice, activities and representation relating to Australia's development as an information economy, nationally and internationally</p>	No change	This output has been renumbered to 3.4 in 2006–07 Portfolio Budget Statements (see comments above)

02

Performance review

Outcome 1

Outcome 2

Outcome 3



Development of a rich and stimulating cultural sector for all Australians

Outcome 1

Resources for Outcome	24
Performance information index	25
Achievement of Outcome	26
Administered items	33
Output 1.1	48
Output 1.2	61

Resources for Outcome 1

Development of a rich and stimulating cultural sector for all Australians

	(1) Budget 2005–06* \$'000	(2) Actual 2005–06 \$'000	Variation (column 2 minus column 1) \$'000	Budget 2006– 07** \$'000
Administered Expenses				
(including third party outputs)	182 065	179 846	–2 219	181 753
Total Administered Expenses	182 065	179 846	–2 219	181 753
Price of Departmental outputs				
Output 1.1 Policy advice, program management and agency support which promotes excellence in, preservation and maintenance of, and access to Australia's cultural activities, cultural collections and Indigenous Languages.	31 264	31 404	140	31 810
Output 1.2 Preservation of and access to Old Parliament House and the National Portrait Gallery and their respective collections	18 041	20 335	2 294	20 754
Revenue from Government (Appropriation) for Departmental outputs	42 994	43 590	596	46 392
Revenue from other sources	6 311	8 149	1 838	6 172
Total price of outputs	49 305	51 739	2 434	52 564
TOTAL FOR OUTCOME 1 (Total price of outputs and administered expenses)	231 370	231 585	215	234 317
			2005–06	2006–07
Average staffing level			285	328

* Budget estimates as at 2005–06 Portfolio Supplementary Additional Estimates Statement.

** Budget estimates are as at 2006–07 Portfolio Budget Statements.

*** For ASL this represents total Outcome ASL. For output specific ASLs refer to June ASL reports.

Performance information index

	Annual report page reference	PBS page reference
Outcome 1		
Development of a rich and stimulating cultural sector for all Australians	26	39
Administered items		
Touring programs	33	39
Regional Cultural Activities	36	39
Arts training organisations	38	39
Commonwealth and public companies	39	39
Cultural Ministers Council and related initiatives	40	39
Educational Lending Right schemes and Public Lending Right	42	39
Art Indemnity Australia	43	39
Indigenous Languages and Cultures program	45	40
Indigenous Arts and Crafts Industry	46	40
Departmental items		
Output 1.1		
Policy advice, program management and agency support which promotes access to and excellence in Australia's cultural activities, cultural collections and Indigenous languages	48	40
Output 1.2		
Preservation of and access to Old Parliament House and the National Portrait Gallery and their respective collections	61	40

Outcome 1

Achievement of Outcome

Development of a rich and stimulating cultural sector for all Australians

Australia's unique history has given rise to a distinctive culture and sense of identity. Australia has ancient and diverse Indigenous cultures, languages and traditions in the visual and performing arts. Australians share and enjoy a wide variety of cultural expressions and are involved in an extensive range of arts activities around the country.

Australia's cultural sector is distinctive due to its vibrancy and innovation, in both traditional and contemporary arts performance and activity. Australians can experience performances ranging from those developed by our major national companies to those by smaller local companies and groups.

The most recent Australian Bureau of Statistics research shows that, over a 12-month period, close to 13 million adult Australians (88 per cent of the adult population) attended a cultural venue or event. Further, in the 12 months to April 2004, close to three million Australians worked in cultural and related activities.¹

The Australian Government invests in the cultural sector by providing support to arts practitioners, companies and institutions and by supporting access to arts and cultural activities for Australians across the country. As well, significant reviews of different elements of the cultural sector in recent years have led to new and innovative policy directions and have attracted increased government investment.

The Department provides advice to the Australian Government on cultural policy issues and works closely with portfolio agencies and other government departments to develop and implement national cultural policies.

It directly manages Old Parliament House, the National Portrait Gallery and Artbank, all of which are part of the Department. It also provides support for the national cultural institutions such as the National Gallery of Australia and the National Library of Australia, the Australian Government film agencies and the Australia Council.

Access and excellence in Australia's cultural activities and preservation and development of our collections

Efficient and effective administration of the cultural touring and regional arts programs is a key activity for the Department. The principal objective of the touring programs, which include the Contemporary Music Touring Program, Playing Australia, Visions of Australia and the Australian Film Commission's Big Screen, is to ensure that Australians, particularly those in regional and remote areas, have access to cultural experiences of a high standard. These programs also provide opportunities for smaller arts companies, including those from outside the major capitals, to tour interstate.

The regional arts programs, including the Regional Arts Fund, Festivals Australia and the new Festivals Australia Regional Residencies initiative, support cultural development in regional and remote areas.

Funding was provided through these touring and regional arts programs to major organisations such as Opera Australia, Circus Oz and the National Gallery of Australia and to smaller organisations such as Ellis Prater

¹ Sources: Australian Bureau of Statistics, *Attendance at selected cultural venues* 2002 (Cat 4114.0) and Australian Bureau of Statistics, *Work in selected culture and leisure activities*, April 2004 (Cat 6281.0).

Productions for a tour of prominent Australian actor Bud Tingwell (see case study, page 28), Nabarlek, and the Orange Regional Gallery, making a wide range of arts programming available to audiences in all states and territories.

A review of the Contemporary Music Touring Program in 2005 found that the program had delivered significant touring opportunities and audience access to Australian music. As a result, the Australian Government committed a further \$1 million over four years, beginning in 2006–07, to continue the program.

In addition, the Government announced funding of \$1.5 million over three years in the 2005–06 Budget for the Festivals Australia Regional Residencies initiative, to be administered by the Department. The initiative funds artists-in-residence to help regional and remote communities to tell local or regional stories at a local festival of significant community celebration. Two funding rounds were held in 2005–06, with 38 grants awarded.

The Australian Government's Regional Arts Fund supports the arts in regional and remote areas. The Department is responsible for the program, which is delivered in partnership with state and territory regional arts organisations representing hundreds of local regional arts councils around Australia. The Regional Arts Fund supports the Creative Volunteering—No Limits program, which provides funding to increase the professional skills of volunteer workers in the arts and collections sector in regional and remote Australia.

As part of the No Limits program expansion, two new course modules were developed, on organisational governance and on working with people, with further modules under development.

The Department works closely with Regional Arts Australia to ensure the success of the Creative Volunteering program in each state and territory.

The Department works with the Australia Council for the Arts and state and territory arts funding agencies to support excellence and achievement in arts practice and activities. Some examples for 2005–06 are described below.

In response to a recommendation of the 2005 Orchestras Review, chaired by Mr James Strong AO, the Department conducted a comprehensive examination of the finances, governance and operational arrangements of Australia's two specialist opera and ballet orchestras, the Australian Opera and Ballet Orchestra in Sydney and Orchestra Victoria in Melbourne (see case study, page 31).

The main role of these orchestras is to support the national opera and ballet companies for their Sydney and Melbourne performances. The Government agreed to provide additional funding of \$10.6 million over four years to implement the findings of the examination and to ensure the ongoing sustainability of these specialist orchestras.

The long-term sustainability of the major performing arts companies was the focus of a funding review commenced by the Department and the Australia Council. The review will be finalised in late 2006.

The Department continued to work with the Australia Council on the implementation of the 2003 Visual Arts and Craft Strategy. This involved an agreement between the Australian Government and state and territory governments in response to the report of the Contemporary Visual Arts and Craft Inquiry, conducted by Mr Rupert Myer AM, which resulted in a \$39 million increase in funding for the sector.

Case study

An audience with Charles ‘Bud’ Tingwell

Playing Australia helped a young production company, Ellis Prater Productions, to establish an audience base and build relationships with venues. The company was then able to develop a touring circuit and gain touring experience.

The new applicant was provided with more than \$5000 to tour *An Audience with Charles ‘Bud’ Tingwell* to Tasmania in February and March 2006. There were four performances, in Burnie, Devonport and Hobart.

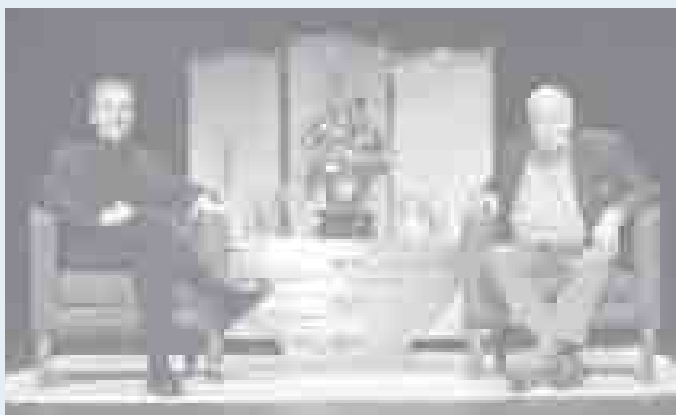
The production meant audiences could interact with one of Australia’s icons of stage and screen, Charles ‘Bud’ Tingwell AM. Tingwell told anecdotes and recollections of his experiences on screen and behind the scenes, and gave a pilot’s view of World War II.

The tour proved a great success, with Ellis Prater Productions complimenting Playing Australia program staff and thanking them for providing crucial knowledge and experience. They said in their funding acquittal report that the tour would not have been possible without support from Playing Australia.

Building on the success and experience of that first tour, Ellis Prater Productions submitted a further application under Round 27 of the program for a bigger tour of *An Audience with Charles ‘Bud’ Tingwell* in August and September 2006.

The production received funding of \$37 063, this time taking the show to 14 venues in Western Australia (Thornlie, Broome, Kununurra, Wyndham), the Northern Territory (Darwin) and Queensland (Capella, Rockhampton, Gladstone, Charters Towers, Ayr, Proserpine, Townsville, Boonah and Ipswich).

The production’s success demonstrates Playing Australia’s role in supporting small performing arts producers in Australia and helping them grow.



Mark Collard and
Bud Tingwell on
the set of Ellis Prater
Productions
*An Audience with
Bud Tingwell.*

In its third year, the strategy continued to provide significant support to individual visual artists and craft practitioners, and provided increased funding for more than 30 key organisations around the country.

The Department administers the Australian Government's investment in Australia's national elite arts training organisations. In 2005–06, the Department concluded a review of the Australian National Academy of Music and the Australian Youth Orchestra. The review assessed their performance and identified possible future directions for elite classical music performance training.

The Department is actively working with the two organisations to implement the review recommendations. The Australian Government announced in the 2006–07 Budget that it will provide additional funds of \$1.9 million over four years, beginning in 2006–07, to ensure the long-term sustainability of the Australian Youth Orchestra.

The Department has also been working closely with the National Aboriginal and Islander Skills Development Association to assist in its relocation to better premises.

Three Indigenous art and culture programs administered by the Department—the National Arts and Crafts Industry Support program, the Indigenous Culture Support program, and the Maintenance of Indigenous Languages and Records program—support the maintenance and development of strong Indigenous culture.

Strong culture is a key enabling element in Indigenous communities, helping to build self-esteem and identity for individuals, and resilience and capacity for communities, to address the pressing social, economic and health challenges that they are facing.

In 2005–06, \$19.281 million in funding was provided to support Indigenous visual arts and crafts, culture and language activities through these programs, and the Department worked to enhance the effectiveness of the programs overall.

Shared responsibility agreements are agreements between the Australian Government and Indigenous communities or groups and other partners to provide a discretionary benefit in return for community obligations. Shared responsibility agreements that include a focus on Indigenous arts and culture represent a new cooperative way of supporting arts and culture activities in Indigenous communities and the Department is contributing to these shared responsibility agreements.

During the year, the Department completed a review of the National Collections Program through which the Australian Government supports joint government initiatives for the collections sector funded by the Australian Government and state and territory governments through the Cultural Ministers Council. The review's recommendation for maintaining program funding of \$1.2 million over four years from 2006–07 to 2009–10 was accepted.

Funding was provided to support the Community Heritage Grants program, a joint initiative with the Australian Film Commission, the National Archives of Australia and the National Library of Australia. Fifty-five grants were awarded to community organisations and collecting institutions to preserve significant objects within their collections.

Assessments of the governance arrangements of the arts and sport agencies in the portfolio were completed in 2005–06 in line with recommendations arising from the Review of the Corporate Governance of Statutory Authorities and Office Holders by Mr John Uhrig AC. The review made a number of recommendations aimed at improving the quality of governance of Australian Government authorities. The recommendations arising from the assessments will begin to be implemented in 2006–07.

Preservation of and access to Old Parliament House, the National Portrait Gallery and their respective collections

Old Parliament House is a museum of social and political history, located in a listed national heritage building. It is an important symbol of the development of Australian democracy and is a major attraction in the nation's capital city. It holds an important place in the hearts and minds of many Australians, especially those associated with the building during the long period when it housed the Australian Parliament.

Old Parliament House helps people to understand Australia's social and political history by interpreting the past and present and by exploring the future.

In the five years since it was opened, the National Portrait Gallery has established itself as a highly valued national collecting institution. It has developed a significant collection and a substantial reputation for the quality of its exhibitions. The gallery's vision is

to increase the understanding of the Australian people—their identity, history, creativity and culture—through portraiture.

During 2005–06, planning continued for the gallery's new purpose-built, stand-alone building. On 7 December 2005, the winner of the architectural design competition for the new building was announced by the Prime Minister, John Howard. The architecture firm Johnson Pilton Walker was selected to design the \$75.3 million building.

The Department continues to work closely with the Department of Finance and Administration, which manages the building project.

Old Parliament House and the National Portrait Gallery again extended their audience reach during the year through new in-house exhibitions and programs, travelling exhibitions and website access. While visits to the gallery's Commonwealth Place premises fell slightly following the outstanding success of its 2004–05 *Kylie* exhibition, there was a further 1.6 per cent increase on the record 2004–05 attendances at the main Old Parliament House site.

Visits to the Old Parliament House and National Portrait Gallery websites increased by 96 and 192 per cent respectively.

Of particular note in 2005–06 was the announcement in the 2006–07 Budget of \$31.5 million over the next four years for the construction and operation of a Gallery of Australian Democracy at Old Parliament House. This will include the Australian Prime Ministers Centre.

Case study

A year of change for Australia's major orchestras

The 2005–06 year has been an important one for Australia's orchestras and the Department has played a major role in implementing recommendations for change in this vibrant arts sector.

Recommendations from a 2005 Orchestras Review have provided the framework for discussions on the governance,



Orchestra Victoria under the baton of Conductor Brad Cohen, Great Hall, NGV International. Photo by Dana Moran. Courtesy of Orchestra Victoria.

accountability, and financial and risk management of Australia's orchestras.

A goal has been to introduce a corporate structure consistent with the majority of Australia's other major performing arts companies, into the state symphony orchestras, to build stronger, more independent and sustainable organisations.

The Orchestras Review was led by James Strong AO and involved an examination of Australia's six major symphony and two specialist opera and ballet orchestras. Professor Malcolm Gillies and Mr Peter Grant were also members of the review panel.

A New Era: the report of the Orchestras Review 2005 included a range of recommendations in relation to the governance, workplace flexibility and sustainability of the orchestras.

The Australian Government has responded to the recommendations of the review with additional funding of \$25.4 million over four years.

One of the key reforms of the review was to establish the symphony orchestras, currently owned by the Australian Broadcasting Corporation, as independent private sector companies. It is anticipated that the symphony orchestras will be divested from the ABC and established as independent companies from 1 January 2007.

The gallery will deliver a comprehensive program of exhibitions, educational programs, research and scholarship initiatives, as well as outreach activities. It will tell the story of Australia's modern parliamentary democracy and will build on Old Parliament House's experience in translating political history and culture to a wide range of visitors.

Old Parliament House was added to the National Heritage List in 2005–06, a move which recognised it as one of the most significant heritage buildings in Australia.

The current five-year program of capital works for the conservation and restoration of the building continued in 2005–06. In the longer term, the building works will greatly improve access and enhance the visitor experience.

Collections held by the National Portrait Gallery and Old Parliament House continued to grow as a result of commissions, purchases and donations.

Outcome 1

Administered items

Touring programs

Impact of funding

The Department's management of the national cultural touring programs is directed towards ensuring that audiences around the country, particularly those in regional and remote areas, have more opportunity to see and experience Australian artists and arts projects.

During 2005–06, the Minister for the Arts and Sport approved funding of more than \$8.8 million for 50 performing arts tours supported through the Playing Australia program, 30 exhibition tours supported through the Visions of Australia program and 33 tours supported through the Contemporary Music Touring Program. The approved projects covered a range of art forms and styles, and supported tours to all states, the Australian Capital Territory and the Northern Territory.

Some of the projects approved are set out below.

- Support of \$300 007, through Playing Australia to Country Arts SA, enabled the Patch Theatre Company to tour its children's theatre production of *Who Sank The Boat*, based on the popular books by Pamela Allen, to 31 venues in Victoria, the Australian Capital Territory, South Australia, the Northern Territory, New South Wales, Tasmania and Queensland. There were 94 performances in all.
- Support of \$49 674, through Playing Australia, enabled Marguerite Pepper Productions to tour *The Crate Show* by The Leaping Loonies to 17 venues in

Queensland, Western Australia, Victoria and New South Wales, with 42 performances in all.

- Musicians Rob Hirst and Paul Greene received \$8800 through the Contemporary Music Touring Program to tour regional venues in Western Australia, supported by the emerging regional band *The Oafs*. The tour included workshops in each community on the itinerary (see case study, page 34).
- Arts Northern Rivers Inc., New South Wales received \$42 000 through Visions of Australia to tour *ConVerge*, a touring exhibition of ceramic works by 20 emerging and established artists from the Northern Rivers region. The exhibition is touring to 13 venues across Australia, including regional and remote areas such as Bundaberg and Winton in Queensland, and Grafton and Port Macquarie in New South Wales.

The Visions of Australia program aims to provide more Australians, particularly in regional and remote areas, with the opportunity to access Australian cultural material. The funding also supports mentoring and skills transfer between organisations, particularly national organisations touring to regional and remote venues. Exhibitions funded under the program during 2005–06 toured to 88 venues throughout Australia.

The majority of 2005–06 acquittals received from funding recipients assessed the program as a highly valuable resource, building capabilities by assisting skills transfer, supporting education and public programs, and encouraging broader audience access through the diversity of exhibitions funded. Major publications, including exhibition catalogues accompanying exhibitions funded by Visions of Australia, also provide long-term benefits to the communities.

➤ Case study

Touring music to regional and remote Australia



Songwriting workshop as part of the tour by Hirst and Greene and *The Oafs*, funded by the Contemporary Music Touring Program. Photo courtesy of Geoff Waldeck.

Albany-based rock band *The Oafs*' Western Australian tour was a highlight of musical performances that toured regional and remote Australia in 2005–06.

With funding of \$8800 from the Contemporary Touring Music Program (CMTP), *The Oafs* set off on their *Emerge* tour to regional towns in south-west Western Australia, accompanied by Sydney duo act Hirst and Greene.

'The tour was quite simply one of the best things I've done in my music career,' *The Oafs*' Geoff Waldeck said. 'The chance to tour regional Western Australian communities with a quality international music act, and to enjoy school and community groups participating in song writing workshops, was exhilarating.'

The *Emerge* tour visited Collie, Lake Grace, Borden, Denmark, Albany, Northcliffe, Jerdacuttup and Esperance, delighting audiences, some of whom heard original live music for the first time.

In every community the performances were an important community event that created opportunities for fundraising and local participation. In Borden, a town of just 38 residents, 130 people turned up for the *Emerge* concert, and in Jerdacuttup, a population of three swelled to 100.

According to Geoff Waldeck, the *Emerge* tour was a unique experience for *The Oafs*. With a fellow tour musician he led community workshops, involving groups of primary school students, miners and farmers.

The CMTP provides funding to support touring opportunities for Australian musicians, and to improve access to contemporary music for audiences, particularly in regional and remote Australia.

Funding of \$1 million was provided to the CMTP in the 2006 Budget to continue the program for four years from 2006–07.

The Contemporary Music Touring Program provides touring opportunities for musicians and access to original Australian music for audiences, particularly in regional areas. A review of the program in October 2005 found that, without assistance from the program, 32 per cent of tours would not have proceeded at all and the remaining 68 per cent would have proceeded in part only, with many regional communities outside the regular touring circuits excluded.

Recognising the financial and planning demands of remote touring, special assistance guidelines were introduced in 2005–06 to assist applications for touring to remote areas.

With funding of \$5.986 million in 2005–06, the Playing Australia program has been able to fund more tours to a broader range of communities across Australia, particularly in regional and remote areas.

In 2005–06, fifty productions were supported under the program, an increase over 2004–05 and 2003–04 when 47 and 32 productions respectively were supported. Playing Australia funding approved in 2005–06 will enable those 50 productions to present 1443 performances to 709 communities across Australia.

In addition to funding for tours, Playing Australia has continued to support the development of performing arts touring infrastructure, including providing funding to assist in managing the twice yearly national performing arts touring market (the 'Long Paddock').

The number of locations and types of tours funded across regions in 2005–06, set out in figure 2.1, demonstrates the broad impact and significance of the major touring programs.

Figure 2.1 Number of metropolitan (M) and regional (R) locations visited by touring exhibitions and productions in 2005–06

	ACT		NSW		VIC		SA		QLD		NT		WA		TAS	
Program	M	R	M	R	M	R	M	R	M	R	M	R	M	R	M	R
Contemporary Music Touring Program	36		51	106	48	38	28	4	32	41	5	20	18	70	11	11
Playing Australia	13	0	17	76	36	95	9	6	15	79	12	13	9	33	15	17
Visions of Australia	3	0	5	36	10	23	7	8	9	14	3	3	6	13	8	7

The Australian Film Commission's Big Screen 2005 touring film festival visited 27 regional centres around the country, reaching 18 839 people. The festival achieved a significant expansion compared to the previous year when it reached 14 990 people in 18 regional centres. This brings the attendance for Big Screen events since 2001 to more than 101 000 people in 58 regional centres.

Films screened included the newly restored classic *Jedda* from the National Film and Sound Archive and new releases including *Little Fish*, *The Proposition*, *Look Both Ways*, *Josh Jarman* and *Oyster Farmer*. Many guests associated with the films attended screenings including Craig Monahan (director, *Peaches*), Bridget Ikin (producer, *Look Both Ways*) and actors Marcus Graham (*Josh Jarman*), Steve Bisley (*Big Steal* and *Mad Max*), Michael Caton (*The Castle*), Sam Worthington (*Gettin' Square*), Alex Dimitriades (*Head On*) and Nathaniel Dean (*Somersault*).

Funding for the 2005 Big Screen festival was funded by the Department through the Australian Film Commission in 2004–05. Funding for festival events from 1 January 2006 is provided from the Film Commission's appropriation.

Regional cultural activities

Diversity of and access to cultural activities in regional areas

The Festivals Australia program is an Australian Government cultural funding program administered by the Department. It provides assistance to Australian regional and community festivals for the presentation of quality cultural projects. Funding is available to a festival to add a new or special sort

of cultural activity that has not been undertaken before and could not otherwise be afforded.

In the 2005–06 Budget, the Government committed funding of \$1.5 million over three years to establish Festivals Australia Regional Residencies, a new initiative that extends the Festivals Australia program. The Department is administering the additional funding which assists regional communities to develop and present an artistic expression of an Australian story relevant to that community or region. The program funds artists-in-residence to work with community members.

The Regional Arts Fund aims to encourage and support community-based cultural development in regional, remote and very remote and isolated communities throughout Australia and to increase access to information and to opportunities for skills development for regional artists. The Regional Arts Fund is providing \$16.1 million over four years from 2004–05 for the development of cultural activities in regional areas. While the Department is responsible for the program, it is delivered in partnership with state and territory regional arts organisations representing hundreds of local regional arts councils across Australia. In 2005–06, the Department provided \$3.983 million through the Regional Arts Fund for the support of regional cultural activities.

During 2005–06, funding of more than \$1.7 million was approved by the Minister for the Arts and Sport for 62 cultural projects supported through Festivals Australia (see case study, page 37) and 38 projects supported through Festivals Australia Regional Residencies. A further 235 projects totalling nearly \$2.48 million were supported through the Regional Arts Fund. The projects covered a diverse range of art forms across all states and territories.

Case study

Celebrating fatherhood through festivals

With the motto 'What fathers do matters', the world's first Fatherhood Festival was a place for families to come together and celebrate fatherhood.

It came from the belief that every child deserves an engaged, loving and happy father, and the festival was about creating opportunities for children by valuing fathers and 'skilling them up'.

The festival was dedicated to raising awareness about the role of fathers and their positive impact on children and family.

Held in September 2005 in Bangalow, northern New South Wales, the Fatherhood Festival featured the Fatherhood Project, an arts project funded by the Government's Festivals Australia program.

The Fatherhood Project was funded with \$14 900 of Festivals Australia funding.

The project was a live concert that blended musical genres and was played by musical family groups that included fathers. Jimmy Barnes and his family, the Noonan Family, and Indigenous artist Archie Roach and his son Amos entertained the audience.

Local artists, school groups and regional *a capella* groups also participated.

Besides the Festivals Australia funded project, the Fatherhood Festival featured seminars, workshops, theatre performances, photography and art exhibitions and competitions.

There was an Indigenous ceremony and group work, and school students gave music and dance performances.

The town of Bangalow benefited from the flow-on effects of the festival: there were reports of increased activity for local businesses such as cafés, guest houses and galleries.

Local casual employment also rose with ad hoc job opportunities for the youth of the town.



Publicity poster for the festival.

Examples of the funded projects are set out below.

- Funding of \$20 533 from Festivals Australia enabled the Outback Fringe Festival to build on its celebration of the arts and culture of the outback region of South Australia with a dance project, *Movin' in the Outback*. Four weeks of dance workshops for the youth of the area culminated in a series of site-specific dance performances.
- Funding of \$35 000 from Festivals Australia Regional Residencies enabled Hobart's multi-art form festival, The Works, to hold its signature event *Works on Wheels*. The creation and presentation of mobile sculptures inspired by everyday wheeled vehicles culminated in an arena parade at the festival finale.
- *Tales from the Yard* is an oral history and script-writing community project based in Keith in regional South Australia. Funded through the Regional Arts Fund, the project has led to a dramatic re-creation of the school days of yesteryear by today's school children in partnership with aged members of the community.

Arts training organisations

Efficient and timely administration of funding agreements

The Australian Government supports the national performing arts training organisations to provide elite level training that equips Australians for performance roles and for performance support areas such as direction and costume design.

Seven national performing arts training organisations received operational grant funding totalling \$13.389 million in 2005–06. Funding is provided from the Cultural Development Program

through comprehensive funding agreements which set out the outputs and reporting obligations of the organisations.

The following organisations were funded in 2005–06.

- Australian Ballet School
- Australian National Academy of Music
- Australian Youth Orchestra
- Flying Fruit Fly Circus
- National Aboriginal and Islander Skills Development Association
- National Institute of Circus Arts
- National Institute of Dramatic Art

In addition, further funding of \$4.2 million was provided to the following organisations.

- The National Institute of Dramatic Art was provided with \$1.47 million for capital works on the National Institute of Dramatic Art building, which is owned by the Australian Government, and \$31 848 for equipment to help to maintain, preserve and catalogue its archive collection.
- The National Aboriginal and Islander Skills Development Association received \$150 000 to assist with one-off relocation expenses and \$200 000 for stage one capital works to provide interim accommodation for the college at its new premises at Mt Penang near Gosford, New South Wales.
- The National Institute of Circus Arts was provided with \$2.3 million to assist it to complete the construction and fit out of its new training and performance venue.
- The Flying Fruit Fly Circus received \$61 000 towards the purchase of a bus.

In 2005–06, all training organisations achieved results consistent with the terms of their funding agreements and acquitted their payments within the specified timeframes.

A total of 810 students were enrolled in the training organisations in 2005–06. Many graduates of the training institutions found work in their chosen fields, including with prestigious national and international companies. For example, 13 out of the 15 graduates from the Australian Ballet School have found employment with leading dance companies.

The Department supported a review commissioned by the Australian Government examining the performance of the Australian National Academy of Music and the Australian Youth Orchestra, and the possible future directions for elite training in classical music performance.

The review report made a broad range of recommendations to ensure the future success of the two organisations and the Department is working with the two organisations to implement them. The complex nature of the issues raised and the intersection with parallel reviews, such as the National Review of School Music Education and the Orchestras Review, caused a delay in finalising the report.

Commonwealth and public companies

Efficient and timely administration of funding agreements and reporting arrangements

The Department administers annual grants to a small number of companies operating in the cultural sector. The funding allocated to these companies over the last three years is set out in figure 2.2 below.

Figure 2.2 Funding allocated to Commonwealth and public companies

Institution	2003–04 (\$m)	2004–05 (\$m)	2005–06 (\$m)
Film Finance Corporation Australia	60.500	65.500	70.500
Film Australia Limited*	9.993	10.848	13.007
Australian Children’s Television Foundation	2.472	2.511	2.543
Ausfilm	1.023	1.047	1.321
Bundanon Trust*	0.150	0.490	0.847
Australia Business Arts Foundation*	1.665	1.652	1.651

* These entries include supplementation provided in 2003–04, 2004–05 and 2005–06 to cover expenses associated with implementing the government reporting requirements under the Budget Estimates Framework Review and supplementation for insurance provided by Comcover.

In 2005–06, all the companies met their respective reporting requirements and the majority of payments were acquitted within the specified timeframes.

The Film Finance Corporation Australia invested \$75.8 million in a diverse slate of feature films, television drama programs and documentaries, which generated a total production value of \$183.8 million. The Corporation's two-door funding policy is starting to show positive signs with several films performing well at the box office and receiving critical acclaim.

Film Australia Limited delivered 21 National Interest Program points consistent with its obligation to produce 100 program points under the five-year contract with the Department. It also commenced its history initiative—a 10-part series of high quality documentaries on Australia's history.

The Australian Children's Television Foundation's Kahootz educational multimedia project has continued to increase its penetration with sales to Australian schools and international education institutions. In addition, the Foundation's programs *Noah and Saskia* and *Holly's Heroes* won several awards and screened at prestigious festivals in 2005–06.

Ausfilm continued to promote and market Australia internationally as a destination for film-making. In 2005–06, four foreign feature films, three co-produced feature films, five foreign television productions and seven co-produced television drama productions were made in Australia.

There was continued strong growth in participation in Bundanon Trust's education program, with an attendance increasing by 12 per cent compared with 2004–05.

The Australia Business Arts Foundation exceeded planned targets in many of its program areas including new partnerships, adviceBank and boardBank placements, and levels of donation to the Australia Cultural Fund. The Foundation's state chapters and state managers have actively facilitated greater links between the arts and business sectors and have promoted the role of the arts in Australian communities.

During the year, the Department worked with relevant companies on the development of their respective corporate plans for the Minister's approval.

The Department provided ongoing advice and assistance to the smaller Commonwealth companies, the Australia Business Arts Foundation, Bundanon Trust and Film Australia Limited, on a range of issues including reporting and governance requirements, financial reporting and grant management.

Cultural Ministers Council and related initiatives

The Cultural Ministers Council is the ministerial forum for the exchange of views on issues affecting cultural activities in Australia and New Zealand. It provides a forum for cultural cooperation between the Australian Government, Australian states and territories and New Zealand.

The council comprises the ministers responsible for cultural activities in these jurisdictions. Cultural ministers from Papua New Guinea and Norfolk Island, and a representative from the Australian Local Government Association have observer status on the council. The ministerial council is supported by a standing committee of senior officials from each jurisdiction. The Australian Government assumed the chair of the Cultural Ministers Council and the

standing committee after the meeting in 2005 and will hold it until after the next meeting, scheduled for September 2006.

The 18th meeting of the Cultural Ministers Council was held in Cairns, Queensland on 5 August 2005. The Department provided secretariat support to the council, the standing committee and the Statistics Working Group, a subcommittee of the standing committee. In addition, the majority of council initiatives continue to be managed by the Department on behalf of the council. These initiatives can at times require significant investment of departmental staff resources. For example, the Department chaired and provided secretariat services to a number of council working groups and committees including the Major Performing Arts Working Group, the Orchestras Review Implementation Reference Committee and the Visual Arts and Craft Strategy Implementation Committee.

Key initiatives undertaken

On behalf of Cultural Ministers Council, the Department continued to manage the funding agreement with the Collections Council of Australia. The Collections Council finalised its first strategic plan and developed a vision for the collections sector. Its vision is for collections in Australia to be a source of knowledge, ideas, understanding, inspiration and creativity.

The Collections Council will work with partners and the community to see that collections are widely accessible, clearly defined, actively connected to the communities they represent, recognised for their significance, used collaboratively and managed for sustainability.

The Return of Indigenous Cultural Property program funds major state and Northern Territory museums and the National Museum of Australia to expedite the repatriation of Australian Indigenous human remains and secret sacred objects from their collections to Indigenous communities of origin. The Return of Indigenous Cultural Property program is designed to augment existing museum repatriation activities and is administered by the Department on behalf of the Cultural Ministers Council.

In August 2005, the Council agreed to establish a third round of funding from 1 October 2005 to 30 June 2007. There has been significant progress to date. At the end of round two (30 September 2005), 1134 ancestral remains and 377 secret sacred objects had been returned to Indigenous communities since the program began. In addition, ownership of 341 ancestral remains and 226 secret sacred objects had been transferred to Indigenous communities. These items are held by the museums for Indigenous communities.

Other successful outcomes of the program are that museums are now better informed about the size and nature of their collections and more communities are aware of these holdings. Despite the significant achievements made, due to the complex nature of the program and the need for extensive consultation with Indigenous communities on very sensitive issues, progress has been slower than anticipated.

During 2005–06, the Department continued to administer the contract for the delivery of the Collections Australia Network (formerly Australian Museums and Galleries Online) on behalf of the Cultural Ministers Council as an online resource for use across the collections sector.

The Department’s secretariat support and financial contribution to the Statistics Working Group of the Cultural Ministers Council assisted in the ongoing production of core cultural statistics required for monitoring developments in the cultural sector. Statistics Working Group reports released in 2005–06 included:

- *Cultural funding in Australia—three tiers of government 2002–03*;
- *A statistical framework for the music sector*;
- *Social impacts of participation in arts and cultural activities*; and
- *Cultural tourism in regions of Australia*.

Educational Lending Right and Public Lending Right schemes

Increased access to Australian books in public and educational libraries by providing support to Australian creators and publishers

The Educational Lending Right and Public Lending Right programs provide payments to eligible Australian creators (authors, editors, illustrators, translators and compilers) and publishers whose books are held in educational and public lending libraries. Both programs support the enrichment of Australian culture by encouraging the growth and development of Australian writing and publishing.

The Public Lending Right program was established in 1974 and is ongoing. The Educational Lending Right program was established in 2000 as a component of the Books Industry Assistance Plan. In the 2004–05 Budget, the Government announced funding of \$44 million over four years to continue the Educational Lending Right program.

The number of titles registered with the Public Lending Right program that received a payment in 2005–06 was 22 977, and 36 025 titles were registered with the Educational Lending Right program. Payments were calculated from the results of the annual sample surveys of books held in public lending libraries and educational lending libraries.

There continue to be significant increases in new claimants under the Educational Lending Right program as it becomes more widely known and as publishing in the educational sector continues to expand in Australia. The Public Lending Right program, on the other hand, is a mature program that is well known among creators. Eligible claimants remain relatively constant, with new titles added to the program offset by older books falling below the minimum number of copies (50) required to attract payments.

Payments under the Educational Lending Right and Public Lending Right programs in the last three years are set out in figures 2.3 and 2.4.

Figure 2.3 Educational Lending Right payments

Number of payments made			Publishers	Total payments (\$m)
	New claimants	Creators		
2003–04	411	7981	304	10.230
2004–05	540	8681	314	10.377
2005–06	440	9423	355	10.408

Figure 2.4 Public Lending Right payments

Number of payments made	Publishers		Total payments (\$m)
	New claimants	Creators	
2003–04	403	8409	328
2004–05	412	8605	344
2005–06	392	8570	353

Art Indemnity Australia

Australians have wide access to exhibitions of significant Australian and international cultural material

Art Indemnity Australia is the program through which the Australian Government indemnifies owners against loss of, or damage to, works loaned for exhibitions of significant cultural material. This indemnity by the Australian Government makes it possible for some of the world's greatest masterpieces to be brought to, and exhibited in, Australia.

In 2005–06, Art Indemnity Australia indemnified the following exhibitions:

- *Dutch Masters from the Rijksmuseum, Amsterdam;*
- *National Treasures from Australia's Great Libraries;*
- *Constable: impressions of land, sea and sky;*
- *Cook's Pacific Encounters; and*
- *Picasso: love and war 1935–1945.*

Over the past five financial years there have been no indemnity claims under the program.

Art Indemnity Australia aims to achieve an equitable geographic spread of exhibitions over time. In 2005–06, the program provided access to significant cultural exhibitions in a number of states and the Australian Capital Territory.

During the year, as shown in figure 2.5, the number of venues for, and geographic spread of, indemnified exhibitions were comparable to those for indemnified exhibitions in 2004–05.

However, it is anticipated that a broader geographic distribution of exhibitions will be achieved through exhibitions such as *National Treasures from Australia's Great Libraries* which will tour to every state and territory between 2005–06 and 2007–08. In addition, it is anticipated that a number of exhibitions proposed for indemnity in future years will also tour to venues in several states, so providing wider access to significant cultural works.

Figure 2.5 Art Indemnity Australia—number of venues and geographic spread

	2001–02	2002–03	2003–04	2004–05	2005–06
ACT	2	1	3	2	3
NSW	1	3	2	0	0
VIC	2	3	2	3	3
TAS	0	2	1	1	1
SA	0	0	4	2	0
WA	1	1	2	0	0
NT	0	2	1	0	0
QLD	0	2	1	0	0
Total number of venues	6	14	16	8	7

Source: Art Indemnity Australia managing organisations.

Figure 2.6 Art Indemnity Australia—number of visitors to indemnified exhibitions

2002–03	2003–04	2004–05	2005–06
591 000	647 000	397 994	474 253

As shown in figure 2.6, exhibitions indemnified under Art Indemnity Australia attracted over 474 000 visitors during 2005–06, an increase of approximately 19 per cent compared with visitor numbers for the previous year, although down from 2003–04 when the

indemnified *Out and About* exhibition toured works of art from the National Gallery of Australia’s collection to state and regional galleries. Rather than touring to a small number of venues, *Out and About* toured individual major works to a larger number of venues.

Indigenous languages and cultures programs

Impact and range of activities funded to recognise, protect, and promote use of Indigenous languages and participation in traditional and contemporary Indigenous cultures

The Maintenance of Indigenous Languages and Records program and the Regional Arts and Culture Support program are funded by the Australian Government and operate Australia-wide. In delivering these programs (which before 2004–05, were delivered by Aboriginal and Torres Strait Islander Services), the Department works cooperatively with the Office of Indigenous Policy Coordination and other agencies as part of a whole-of-government approach to Indigenous affairs.

The Maintenance of Indigenous Languages and Records program operates to support the revival and maintenance of Indigenous languages as living systems of knowledge shared by communities and passed down from generation to generation.

In 2005–06, forty-eight organisations were funded to undertake 82 activities at a total cost of \$8.327 million. This included funding to 16 language centres and one peak body, the Federation of Aboriginal and Torres Strait Islander Languages.

The program also includes funding for endangered languages, that is, languages with fewer than 20 speakers. For example, the Kombumerri Aboriginal Corporation for Culture received \$126 000 in 2005–06 to maintain 12 traditional languages of the Brisbane and Roma areas in Queensland through recording, archiving and promotional activities.

The program also contributed funding of \$13 670 toward an innovative shared responsibility agreement with the Junee Correctional Centre to operate a language program for inmates that is supported by community elders.

The Regional Arts and Culture Support program operates to support the maintenance of cultural practice within Indigenous communities and the promotion of Indigenous cultures as dynamic and integral elements of Australian culture and identity.

In 2005–06, funding under this program provided \$6.575 million overall to 132 organisations to undertake 147 arts and cultural activities. Activities included cultural awareness and revival programs, ceremonial and traditional practices, and community cultural activities such as festivals and performances.

For example, the program provided \$98 450 to Kurruru Indigenous Youth Performing Arts Inc. to run youth workshops in singing, dance, drama, multimedia and cross-generational sessions of storytelling and cultural learning. The group conducts country and city projects. A performance highlight was *Crossing Paths*, which won Best Dance Performance in the 2006 Adelaide Fringe Festival. The program also contributed funding totalling \$288 036 for 14 shared responsibility agreements around Australia to support community development and cultural exchange.

Indigenous arts and crafts industry

Range of activities funded to recognise, protect and promote Indigenous arts and crafts

In 2005–06, the \$4.379 million National Arts and Crafts Industry Support program continued to contribute to the growth of Australia's internationally renowned Indigenous visual arts industry by providing funding to 54 organisations to undertake 57 activities. Four of these organisations were provided with funding under shared responsibility agreements.

The program is a strategic industry development program. It provides direct funding support to Indigenous art centres, as well as to some arts support and advocacy organisations, with the overall objective of assisting Indigenous art centres to become stronger and thereby building a more sustainable Indigenous visual arts industry (see case study, page 47).

The backbone of the industry is the network of Indigenous art centres, mostly based in remote Indigenous communities. The art centres provide materials, space to work and technical assistance for artists, and linkages to national and international dealers, collectors and galleries, and they ensure that the artists are treated fairly.

To give added impetus to the industry, the Government has committed \$4 million over four years for upgrading Indigenous art centre facilities, for marketing activities and for training of young and emerging Indigenous artists and art centre workers. In 2005–06, the second year of the initiative, \$1 million was allocated to 13 organisations to undertake 16 activities across all the funding categories.

The success of the program is reflected in the continued growth of the industry, the vigour and innovation being demonstrated by the sector and its artists, and the sustained demand for development and seed funding. Activities included traineeships for young Indigenous people in New South Wales and Victoria, workshops for artists in the Northern Territory, South Australia and Western Australia, and upgrading art centre facilities in the Anangu Pitjantjatjara and Yankunytjatjara Lands, the Gibson Desert, the Kimberley and on Mornington Island.

Case study

Strengthening Indigenous art centres

During the 2004 election, the Government committed an additional \$4 million over four years for the upgrading of Indigenous art centre facilities, marketing activities and training of young and emerging Indigenous artists and art centre workers.

In 2005–06, the second year of this Indigenous Visual Arts Special initiative, \$1 million was provided to 13 organisations across the country, including the Buku-Larrngay Mulka Art Centre. *Buku-Larrngay* means the feeling of the first rays of the sun on your face. *Mulka* is a sacred but public ceremony.

Buku-Larrngay Mulka has a long and proud history as one of Australia's premier art centres and as an Indigenous cultural stronghold. Its artists have established an international reputation for excellence and have won many of Australia's major Indigenous art prizes.

The art centre is in Yirrkala, a small Aboriginal community on the north-eastern tip of the top end of the Northern Territory, approximately 700 kilometres east of Darwin. There are 25 homeland centres around Yirrkala and the traditional people are the Yolngu people, who are renowned for their creation of traditional funeral ceremony poles, bark paintings and yidakis.

The centre provided important arts and culture activities to its community in 2005–06, with the support of the National Arts and Crafts Industry Support (NACIS) program. The centre supports the artists with day to day physical assistance, providing materials and space to work, while also encouraging and promoting best quality art and craft practice. There are solo and group exhibitions planned for the second half of 2006 in Darwin, Melbourne and Sydney.

Through the NACIS program, the centre was provided with \$74 000 in 2005–06 as a contribution to operational costs. This was in addition to funding of \$69 418 through the Indigenous Visual Arts Special Initiative, which contributed to the fit-out of a new multimedia centre to digitise the Buku-Larrngay art collection.

The funding provided to Buku-Larrngay Mulka reflects the Government's strategic agenda to assist Indigenous art centres to become stronger and build a more sustainable Indigenous visual arts industry.



The Minister for the Arts and Sport, Senator the Hon Rod Kemp, with Department staff at the 2005 Garma Festival of Traditional Culture in the Northern Territory.

(L–R): Paul Bootes, Cerise Campbell, Claire Drake, David Momcilovic, Senator Kemp, Sally Bassier, Bernadette Kelly and Lyn Allan.

Output 1.1

Policy advice, program management and agency support which promotes excellence in, preservation and maintenance of, and access to Australia's cultural activities, cultural collections and Indigenous languages

High-quality program administration

Indigenous programs

The Department's Indigenous visual arts and crafts, culture and languages programs were part of the 2005–06 whole-of-government funding round for Indigenous programs, coordinated by the Office of Indigenous Policy Coordination.

Demand for the Department's Indigenous program funding remains high. In 2005–06, the Department received requests for funding totalling approximately \$69 million compared to arts and culture program budgets of \$19.6 million.

In 2005–06, 279 activities were funded from 533 applications across the Indigenous arts, culture and languages programs.

Applications to the whole-of-government funding round for Indigenous programs for 2006–07 closed in February 2006. Applications were assessed, recommendations were made to the Minister for the Arts and Sport, and decisions were made by the end of June 2006. As part of this process, 457 applications were received and 267 activities were approved for funding.



Arts Policy Section.
Standing (L–R):
Elizabeth Howell,
Stephen Arnott,
Peter Morrow.

Sitting (L–R):
Greg Morris,
Catharina Moltke.

Touring and cultural development programs

For the 10 years between 1996–97 and 2005–06, a total of 4606 funding applications were processed for the national touring programs, Playing Australia, Visions of Australia, and Contemporary Music Touring, and the Festivals Australia and new Festivals Australia Regional Residencies programs.

In 2005–06, a total of 212 projects out of a total of 471 applications received, were offered funding from one of the five programs.

As shown in figure 2.7, the majority of funded projects undertaken during 2004–05 were fully acquitted within six months of the due date and compliance with the provisions of the funding deeds was consistently high. A similarly high proportion of projects funded in 2005–06 are expected to be fully acquitted within six months.

Film programs

In 2005–06, the Department completed the implementation of the Government's 2004 election commitment to extend the Film Licensed Investment Company (FLIC) scheme. Under the scheme, one company

Figure 2.7 Touring and cultural development programs funded projects acquitted

Program	Total no. due	2003–04 grants acquitted within:		Total no. due	2004–05 grants acquitted within:		Total no. due	2005–06 grants acquitted within:	
		3 months	6 months		3 months	6 months		3 months	6 months
Playing Australia	51	41%	86%	30	63%	93%	41	29%	88% *
Visions of Australia	29	38%	69%	40	70%	88%	42	79%	96% *
Contemporary Music Touring	28	50%	71%	25	60%	68%	26	50%	54%*
Festivals Australia	54	55%	88%	68	81%	100%	68	73%	81% *
Festivals Australia Regional Residencies	NA	NA	NA	NA	NA	NA	5	60%	#

* Acquittals received to date as at 30 June 2006.

It is not yet six months since the completion of any Regional Residencies projects funded in the first two rounds.

is licensed to raise up to \$10 million in concessional capital in each of 2005–06 and 2006–07 to invest in qualifying Australian films.

In August 2005, the Minister for the Arts and Sport called for applications for the FLIC licence. The Minister appointed a selection advisory panel to advise him on the most suitable applicant to be granted the licence. In December 2005, the FLIC Company (formerly called Mullis Capital Film Licensed Investment Company) was granted the licence.

In May 2005, the Australian Government announced that the refundable film tax offset, which encourages offshore production to be filmed in Australia, would be extended to provide a 12.5 per cent tax rebate on all qualifying expenditure for eligible television series made in Australia. Legislation enacting this extension received Royal Assent on 19 December 2005.

Regional Arts Fund

The objectives of the Regional Arts Fund are to support sustainable cultural development in regional, remote and very remote communities across Australia, to develop partnerships and cultural networks, and to increase access to skills development and employment opportunities for regional artists.

Regional arts organisations in each state, and arts ministries in the Northern Territory and the Australian Capital Territory, manage the fund on behalf of the Department and make decisions about specific funding. Details of 2005–06 Regional Arts Fund allocations are set out in figure 2.8. Regional arts organisations and arts ministries are required to provide regular acquittal reports to the Department.

Figure 2.8 2005–06 Regional Arts Fund allocations

State/territory	Amount \$
Regional Arts NSW	589 218
Regional Arts Victoria	589 218
Country Arts WA	589 218
Queensland Arts Council	589 218
Country Arts South Australia	489 440
Tasmanian Regional Arts	263 975
Arts NT	323 843
artsACT	66 870
Regional Arts Australia	122 000
Australia Council for the Arts	100 000
Creative Volunteering	260 000
Total	3 983 000

Regional Arts Fund grant allocation expenditure is for arts projects in regional and remote communities, strategic projects which apply to a region, small grants (such as travel costs to attend a conference) and program administration. Examples of the projects funded under the Regional Arts Fund in 2005–06 are set out below.

- Wilcannia in regional New South Wales is hosting a triennial artists-in-residence program. The program aims to provide a model for future regional Indigenous projects and involves nine residencies of different art forms over the three years, culminating each year with a group exhibition to tour locally, regionally and to metropolitan centres.
- The Superstarters project enabled young people to work with a professional artist in Launceston in Tasmania to develop a series of sculptural works for inclusion in the Big Chair Challenge, aimed at raising public awareness of access issues faced by people in wheelchairs.

During 2005–06, the Department finalised the funding agreement with artsACT for the next three years. The agreements negotiated with each regional arts organisation include detailed obligations in respect of milestones and timeframes to be met by the organisations.

Federation Fund

Of the \$1 billion Federation Fund established by the Government to help celebrate the Centenary of Federation in 2001, \$434 million was allocated to the Department to manage a range of large and small infrastructure and community projects.

There were some delays to the finalisation of Federation Fund projects during the year. However, by the end of 2005–06, only one of the projects remains uncompleted. This project, the proposed relocation of the Anzac Rifle Range at Malabar, New South Wales, for which \$9 million was allocated, has been delayed because of difficulties encountered in identifying a site that would accommodate all sports shooting disciplines. The Department continues to investigate options and to undertake consultations with the New South Wales Government and relevant shooting associations.

Art Indemnity Australia

The Art Indemnity Australia program, managed by the Department, aims to give Australians wide access to exhibitions of significant Australian and international cultural material.

The program is demand driven, via proposals submitted to the Department through the managing organisations that have access to the Art Indemnity Australia program. As shown in figure 2.9, the same number of final applications for indemnity was received in 2005–06 as in 2003–04, both years showing more received than in 2004–05. This reflects variations in the program of indemnified exhibitions from year to year, and in the timing of final applications for indemnity.

Figure 2.9 Art Indemnity Australia—final applications processed

	2002–03	2003–04	2004–05	2005–06
No. of final applications for indemnity received and processed	2	4	1	4
Final applications successful	100%	100%	100%	100%

Figure 2.10 Register of Cultural Organisations—number and value of donations

	2001–02	2002–03	2003–04	2004–05	2005–06
Number of donations	57 890	53 844	68 229	68 203	63 328
Total donation value (\$m)*	26.7	27.6	39.5	35.8	32.7
Average donation value (\$)	461	508	579	529	516

* The value of donations processed for these financial years may increase as further statistical returns are received from registered cultural organisations.

Philanthropy programs

The Department administers two philanthropy programs that facilitate private sector support for the arts.

The Register of Cultural Organisations allows qualifying cultural bodies to offer donors the incentive of a tax deduction for gifts of money and, in certain circumstances, property such as real estate, shares and office equipment.

The Cultural Gifts Program encourages gifts of culturally significant items to public art galleries, museums, libraries and archives by offering donors tax incentives, including a tax deduction for the market value of their gifts and capital gains tax exemption on gifts. Figures 2.10 and 2.11 show the number and value of gifts over the last five years.

The decrease in the total value and average value of donations in 2005–06 is due to a lower number of high-value gifts in 2005–06 compared to previous years. The programs are largely donor driven and there is considerable fluctuation in donation numbers and value.

This may reflect the ongoing impact of the extended philanthropy provisions, introduced in 2000–01, which allowed capital gains tax exemption on gifts and apportionment of the deduction over five years, as well as market and other economic factors.

Figure 2.11 Cultural Gifts Program—number and value of donations processed*

	2001–02	2002–03	2003–04	2004–05	2005–06
Number of donations processed	483	790	508	651	615
Total value (\$m)	34.5	43.9	24.7	47.2	28.9
Average donation value (\$)	71 428	55 569	48 622	72 503	47 121

* Donations entered onto the Department's database and assessed by the committee.

Figure 2.12 Culture and Recreation Portal performance indicators

	30 June 2004	30 June 2005	30 June 2006	Change (%)
Visits per annum	2 513 946	3 508 411	4 590 741	+31
Websites listed	3010	3521	3800	+8
Pages indexed	1 446 059	1 847 880	2 244 070	+21

Source: Culture and Recreation Portal.

Culture and Recreation Portal

The Department administers the Culture and Recreation Portal (www.culture.gov.au) as part of the Australian Government's e-Government Strategy and the customer-focussed Portals Framework. The portal provides online access to evaluated Australian culture websites and online resources for the culture sector. In addition, the portal provides access to stories about Australian culture, history and identity with links to online information as well as news and events across a diverse range of cultural and recreational activities in Australia.

Visits to the portal exceeded 4.5 million during 2005–06, an increase of more than 30 per cent on 2004–05. As shown in figure 2.12, as at 30 June 2006 the portal listed 3800 websites, an increase of nearly eight per cent on last year with the total number of pages indexed increasing by 21 per cent. These results can be attributed to improvements both in the portal's search capacity and in the quality and diversity of content.

Applications processed within agreed timeframes

Programs administered by the Department under Output 1.1 met agreed timeframes, highlighted by the following.

- Under the Foreign Actors Certification Scheme, certificates are issued to confirm that relevant Australian content criteria have been met in relation to film or television productions, wholly or partially produced in Australia, for which producers wish to engage foreign performers. In 2005–06, forty applications were processed compared with 62 in 2004–05, and 98 per cent of applications were processed within the agreed timeframe compared with 100 per cent in 2004–05. The scheme aims to issue certificates within five working days of receiving a completed application.
- In 2005–06, Visions of Australia, Playing Australia, Festivals Australia and the Contemporary Music Touring Program achieved 100 per cent compliance with the Department's client service charter requirement that grant payments are made within four weeks of the acceptance of reports, and/or in accordance with relevant schedules or commitments.
- All Register of Cultural Organisations applications were assessed against eligibility criteria in accordance with agreed timeframes and eligible applications were submitted to the Minister for the Arts and Sport and the Minister for Revenue and Assistant Treasurer for their consideration every three to four months, in line with program requirements.

- All Cultural Gift Program applications were processed in line with program requirements and agreed timeframes to ensure that they were submitted to the next Taxation Incentives for the Arts Committee meeting.
- Effective management of Regional Art Fund grants to regional arts organisations resulted in all payments and required reports meeting funding agreement timelines, allowing the organisations to provide 198 grants for cultural activity in regional areas.

In the area of tax incentives, the Department administers a number of programs, for which applications over the last six years are shown in figure 2.13. The following results were achieved.

- Two hundred and fifty provisional applications were received under Division 10BA of the *Income Tax Assessment Act 1936*, of which 95 per cent were processed within three weeks of receipt.
- Seventy-four applications were received under Division 10B of the act of which 95.8 per cent had been processed by 30 June 2006.
- Five applications were received for final certification for the Refundable Film Tax Offset and one provisional certificate was issued.

The Department aims to process applications within 10 weeks of receipt. All applications were processed in the agreed timeframe.

Figure 2.13 Divisions 10B and 10BA tax concessions and refundable film tax offset applications processed*

	2001–02	2002–03	2003–04	2004–05	2005–06
10BA provisional applications	254	204	214	351**	250
10BA final applications	87	107	95	69	67
10B applications	46	60	63	58	74
Offset provisional applications	0	1	2	1	1
Offset final applications	0	1	5	5	5

* A processed application is one that has been received, processed and certified, rejected, withdrawn or lapsed.

** The high number of 10BA provisional applications processed in 2004–05 was principally due to the introduction of the Film Finance Corporation's 'Documentary Innovation Fund', which in that year attracted an exceptionally high number of applications. Applicants to that Fund were required to obtain a 10BA provisional certificate.

High-quality and timely policy advice and ministerial services

The Department provides policy advice and support for its ministers across the range of cultural issues.

In 2005–06, the Department achieved significant improvements to the timeliness of ministerial meeting briefs and parliamentary questions on notice. The reduction in timeliness of ministerial correspondence is being addressed through improved monitoring processes.

The Department undertook significant policy development work in a number of areas during the year, working with portfolio agencies, other departments and state and territory agencies to achieve positive outcomes for the cultural sector. Some key examples are described below.

Film co-production agreements foster cultural development and exchange by assisting Australian producers and

producers from partner countries to work creatively together sharing the costs and risks of film production.

During 2005–06, the development of an Australia–China co-production agreement was progressed, approval was obtained to renegotiate the existing co-production agreement with the United Kingdom, and co-production agreement negotiations began with Singapore and South Africa.

The Department and the portfolio national collecting institutions have continued to implement outcomes from the 2003–04 Review of Cultural Agencies. Key outcomes over 2005–06 are as follows.

- Funding of \$10.6 million over four years from 2004–05 was announced in the 2004–05 budget for the National Library of Australia to meet critical collection storage requirements. Related work continued on developing a comprehensive collection storage plan.

Figure 2.14 Advice provided within agreed timeframes

	Arts				
	2004–05		2005–06		Variation
Type of advice	Number	% on time	Number	% on time	Difference on time (%)
Ministerial correspondence	473	73	336	69	–4
Briefings					
– Department initiated minutes	482	NA	586	NA	NA
– Meeting briefs	313	88	360	94	+6
Question Time briefs	158	64	185	64	0
Parliamentary questions on notice	8	12.5	4	75	+62.5

- Mechanisms were established for the two corporate management forums to investigate joint procurement savings.
- A national digital collections strategy has been developed to help the national collecting agencies address issues relating to increasing digital access to collections and to the use of digital technology to preserve collections and maintain their position as world leaders in the provision of digital material.

The Department worked closely with the Department of Finance and Administration and arts and sport agencies in the portfolio during 2005–06 to implement recommendations from the Government's response to the report of the Review of the Corporate Governance of Statutory Authorities and Office Holders, conducted by Mr John Uhrig AC.

The assessment of the corporate governance arrangements of 18 arts and sports agencies in the portfolio was a significant task for the Department. The assessments were provided to the Government for consideration within agreed timeframes.

The Department worked with the Department of Finance and Administration and portfolio collecting institutions in 2005–06 to develop a long-term approach to issues surrounding the accounting treatment of long-lived assets. Work on these issues was still underway at 30 June 2006.

In addition, the Department worked with the Department of Finance and Administration to address issues associated with depreciation of cultural collections. The focus of this ongoing work is the development of a sustainable approach to funding for preservation and maintenance of the national collections.

The Department continues to work with the Australia Council on implementation of the recommendations of the Orchestras Review that have been agreed by the Government. The outcomes of the review, conducted by Mr James Strong, are leading to changes in the way the symphony orchestras approach governance, accountability, and financial and risk management, reflecting their move to a corporate structure independent of government and consistent with the majority of Australia's other major performing arts companies.

Due to the complexity of the change process and the issues involved, implementation of the major recommendation for the divestment of the orchestras from the Australian Broadcasting Corporation, which was scheduled to be finalised in 2005–06, has been delayed until early 2007.

The Department commenced a statutory review of the refundable film tax offset to assess its success in attracting large-budget productions to Australia and its impact on the Australian film production industry. On 24 May 2006, the Minister for the Arts and Sport announced the review and invited public submissions.

To gather additional information for the review, the Department conducted focus group discussions with industry stakeholders and undertook a consultancy to assess Australia's competitiveness as a film destination internationally. The review will be completed in September 2006.

In its 2004 election policy, 'A World-Class Australian Film Industry' the Australian Government announced it would review the key provisions of Divisions 10B and 10BA of the *Income Tax Assessment Act 1936* to develop proposals for improving certainty for investors and to ensure key provisions operate effectively.

In September 2005, the Minister for the Arts and Sport issued a discussion paper and invited submissions against the terms of reference to the review. Twenty-nine submissions from a range of stakeholders including the major film industry organisations, financial and legal institutions, independent producers and a State film body were received.

In the 2006–07 Budget, the Government announced a broader review of support measures for funding films in Australia which will pick up the findings of the 10B/10BA and the refundable film tax offset reviews.

The Department, in consultation with the Department of Finance and Administration, the Department of the Prime Minister and Cabinet, and the Treasury, completed a review of the Film Finance Corporation Australia's triennial funding commencing 2007–08. The findings of the review were considered in the 2006–07 Budget process. The Government confirmed funding for 2007–08 with future funding to be considered as part of the Australian Government's broader review of film funding support.

Support for the contemporary visual arts and crafts sector by Artbank—Australia's national contemporary art rental program

Artbank provides direct support to Australian artists through the acquisition, promotion and rental of artworks by Australian artists and craftspeople. Works from the Artbank collection are rented by private, commercial and government clients as well as Australian embassies and high commissions around the world. The expanding Artbank collection, now valued at \$26.7 million,

comprises more than 9000 works in a broad variety of styles and media by 3000 Australian artists.

In 2005–06, Artbank invested \$639 470 in the primary art market through the purchase of works directly from artists, artist-run initiatives and private galleries. It acquired 180 artworks (46 per cent of which were by Indigenous artists) by 113 artists. More than 6000 artworks were on show throughout the year. Works from the Artbank collection are often sought for special exhibitions and 10 significant artworks were loaned to institutions for inclusion in public exhibitions during the year.

Artbank's Melbourne showroom, which opened in February 2005, has helped raise awareness of, and access to, the Australian Government's contemporary art rental collection. The showroom has attracted increased private and state government clients in Victoria. Over the last year, the number of artworks on display at client premises in Victoria has risen by 24 per cent.

Celebrating 25 Years of Australian Art, the regional touring exhibition, was launched in April 2006 at the Redland Art Gallery in Queensland. The exhibition marks Artbank's 25th anniversary and presents highlights from every year of its operation. The exhibition, supported by the Australian Government's Visions of Australia program, provides regional access to Australian contemporary artworks and will continue to tour until November 2007.

Kiripuranji: contemporary art in the Tiwi Islands, the touring exhibition curated by Artbank in 2002, continued to tour Australian embassies and high commissions. The exhibition went to Central Europe and Central and South America during 2005–06.

In addition, Artbank worked with the Department of Foreign Affairs and Trade to produce an exhibition *Gelam Nguzu Kazi: dugong my son* to promote work from Torres Strait Islands internationally. The exhibition features limited edition linocuts by artists from Mua Island and will be launched in July 2006.

The Australian National Audit Office audited Artbank's performance in 2005–06. The audit found that Artbank was meeting its charter obligation of acquiring art by contemporary artists, expanding the number of public places where Artbank's collection is rented and displayed, and managing its collection and rental scheme.

The Audit Office identified some opportunities for improvements to Artbank's governance arrangements and operational matters. The Department agreed with the audit recommendations and has commenced implementation.

Effective client satisfaction and consultation

The Department undertook a client satisfaction survey of 509 clients liaising with the Department on arts and cultural matters across a range of policy and program activities. Responses showed that 98 per cent were satisfied with the services provided by the Department. This result shows an improvement of one per cent from 2004–05. In 2005–06, seventy-four per cent of respondents rated their dealings with the Department as good or excellent, again up one per cent from the previous year.

Respondents were asked to comment on the extent to which the Department was achieving its objectives across its main areas of responsibility. In achieving access and excellence in Australia's cultural

activities, 90 per cent of the 428 clients who responded on this issue were satisfied with the Department's effectiveness. In assisting the development and preservation of cultural collections, 88 per cent of the 325 respondents were satisfied with the Department's effectiveness, a decline of four per cent on the previous year.

The Department consulted with clients and stakeholders during the year on a range of policy initiatives and programs. Examples of consultations are outlined below.

As part of the statutory review of the refundable film tax offset scheme, the Department consulted extensively with the Australian film production industry stakeholders and international film-makers who have accessed, or are likely to access, the offset. Consultation mechanisms included public submissions, focus groups discussions, industry surveys and informal discussions. Those consulted responded positively on the Department's operation of the scheme.

The Department has a network of about 80 regional staff, most of whom are located in whole-of-government Indigenous coordination centres, primarily in regional Australia. National office staff continued to work effectively with regional staff to deliver programs to Indigenous communities.

National and regional network staff consult closely with Indigenous communities and work to ensure that community issues and queries relating to program delivery are dealt with in a timely and professional manner. Consultation is undertaken through field visits, phone, fax and email. Regular field visits are undertaken where a project is appraised as high-risk and additional field visits are conducted to assist in the development of shared responsibility agreements.

In conducting the further examination of the specialist opera and ballet orchestras, the Department conducted detailed consultations with key stakeholders including relevant arts companies and state government funding agencies.

Issues raised by stakeholders across the arts and culture area continued to be given priority attention as part of improving management of the programs.

Compliance with accountability standards

Throughout the year, the Department provided formal and informal advice to portfolio agencies on matters pertaining to compliance with better practice, corporate governance arrangements and meeting accountability obligations.

As mentioned on page 58, the Australian National Audit Office audited Artbank's performance in 2005–06.

Research and analysis activities contribute to policy development

The Department provided secretariat support in the development of the Digital Content Industry Action Agenda report. The report *Unlocking the potential* was prepared by a Strategic Industry Leaders Group comprising representatives from key areas in the digital content sector and chaired by Mr Tom Kennedy, chief executive officer of Media Zoo.

Research commissioned for the report by the Centre for International Economics assessed the economic contribution of the digital content industry at \$21 billion with employment of approximately 300 000 people.

The report drew on analysis of the structure, composition and growth prospects for the industry to identify strategic priorities for development. It identified the industry's vision to achieve a sustainable and internationally competitive industry that doubles in value over the next decade.

It also outlined a 12 to 24 month implementation plan for the industry to progress. The report was released by the Minister for Communications, Information Technology and the Arts and the Minister for Industry, Tourism and Resources on 13 March 2006, and was profiled at a series of forums in capital cities commencing in June 2006.

Effective budget management

As identified in the resources for outcome table at page 24, the overall price of Output 1.1 was on budget.

Regular evaluation of the budget outcome is conducted by managers and commentary on variations between budget and expenditure is provided to, and discussed by, the Executive Management Group once a month. The comments also include forecasts of budget trends where possible.

Output 1.2

Preservation of and access to Old Parliament House and the National Portrait Gallery and their respective collections

Collections appropriately developed and managed

The Old Parliament House collection is primarily items from the building's original furniture and fittings. The collection's value at 30 June 2006 was estimated at \$4.1 million.

Old Parliament House continued to develop its political and parliament-related collection with some notable acquisitions in 2005–06.

- Many items were donated for display in the refurbished Press Gallery spaces, including telephones, television cameras and associated equipment, newspaper hoardings, personal memorabilia and general ephemera.
- Figures of former press gallery journalists Gay Davidson and Alan Reid were commissioned for use in the interpretation of the press gallery spaces.
- A figure of former Prime Minister, John Curtin, was commissioned for use in the *My Melancholy Duty* exhibition and for later display elsewhere in Old Parliament House.
- A copy of a Charles Nuttall photo-engraving *The Opening of the First Commonwealth Parliament by the Duke of York*, printed in 1902, was acquired.

Significant additions to the National Portrait Gallery collection in 2005–06 included:

- a commissioned portrait of Her Royal Highness Crown Princess Mary of Denmark by artist Jiawei Shen, with funds provided by Mrs Mary Isabel Murphy;
- the gift of a bronze bust of Sir Edward Holden by Leslie Bowles through the estate of John James Holden;
- a portrait of architect Romaldo (Aldo) Giurgola gifted by the Royal Australian Institute of Architects;
- a gelatin silver print of artist Thea Proctor gifted by Thea Bryant (Proctor);
- a Sidney Nolan self-portrait gifted by the Hon. R L Hunter QC;
- a Julia Margaret Cameron print of Edward John Eyre gifted by Sir Roy Strong and the late Dr Julia Trevelyan Oman; and
- the gift of a group of works from Dr Joseph Brown AO OBE including portraits by Wes Walters, Brian Dunlop and Bryan Westwood.

The National Portrait Gallery loaned 51 works of art from the Gallery's collection during 2005–06.

- A self-portrait by Grace Cossington Smith was on loan to the National Gallery of Australia for its retrospective of the artist's work (Art Gallery of South Australia 28 July–9 October 2005, Art Gallery of New South Wales 29 October 2005–15 January 2006 and Queensland Art Gallery 11 February–30 April 2006).

- Garry Shead's *Portrait of Martin Sharp* was loaned to Artspace Mackay for inclusion in its exhibition *Fireworks* (Percy Tucker Regional Gallery 24 June–21 August 2005, Gladstone Regional Art Gallery and Museum 2 September–29 October 2005, Hazelhurst Regional Gallery 5 December 2005–5 February 2006 and Wagga Wagga Regional Art Gallery 11 May–25 June 2006).
 - A sculpture of Peter Brock by Julie Edgar was loaned to the National Capital Authority for its display at Regatta Point in the Australian Capital Territory.
 - A photograph of David Gulpilil by Tracey Moffatt was on loan to the Historic Houses Trust of New South Wales for inclusion in its exhibition *Bondi: a biography* (Museum of Sydney 17 December 2005–19 March 2006).
 - The components of the first bionic ear belonging to the University of Melbourne (an item associated with the Gallery's portrait of Professor Graeme Clark AC) were loaned to the National Library of Australia for inclusion in its exhibition *National Treasures from Australia's Great Libraries* (National Library of Australia 3 December 2005–12 February 2006, State Library of Victoria 10 March–7 May 2006 and Tasmanian Museum and Art Gallery 26 May–23 July 2006).
 - Rosemary Valadon's *Portrait of Ruth Cracknell as the Sibyl* was on loan to the Macquarie University Art Gallery for inclusion in its exhibition *The Divine Burlesque: the Work of Rosemary Valadon* (6 March–21 April 2006).
 - Forty-four works from the collection along with eight inward loans have been lent to the National History Museum at Frederiksborg Castle, Denmark for inclusion in its exhibition *Australian Visit* (7 April–31 July 2006).
 - The portrait of Captain James Cook by John Webber was loaned to the National Museum of Australia for inclusion in its exhibition *Cook's Pacific Encounters* (23 June–24 September 2006).
- As outlined in figure 2.15, the cumulative number of items in the National Portrait Gallery collection at 30 June 2006 was 1097 artworks, with an assessed value of \$14.74 million.

Figure 2.15 National Portrait Gallery—collection number of items and value at 30 June

	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06
Number of items*	144 (47 gifts, 97 purchases & commissions)	370 (193 gifts, 177 purchases & commissions)	485 (291 gifts, 194 purchases & commissions)	710 (446 gifts, 264 purchases & commissions)	964 (657 gifts, 307 purchases & commissions)	1097 (741 gifts, 356 purchases & commissions)
Assessed value* (\$m)	6.762	9.48	10.39	12.01	12.89	14.74

* This is a cumulative total.

As at 30 June 2006, the Department's asset register listed gifts of 84 artworks valued at \$708 935 from 40 donors in 2005–06, compared with 211 gifts valued at \$461 366 from 34 donors in 2004–05. Assets are managed in accordance with the Department's Chief Executive's Instructions, including registration of assets on purchase or gift and an annual stocktake.

The continuing flow of donations to the Gallery, together with requests by other institutions for loans of items from the Gallery's collection, is evidence of the continued development of the National Portrait Gallery's growing reputation as a significant cultural institution.

Heritage buildings appropriately preserved and maintained

Refurbishment projects to extend the life of the building and conservation works to preserve its original fabric continued at Old Parliament House. All these activities were carried out in accordance with the relevant legislation, works codes, standards and policies.

In addition to minor works related to the day-to-day maintenance and improvement of the building, the current five-year capital works plan of major refurbishment and restoration projects continued. Major refurbishments that were commenced or completed included:

- completion of the second stage of the roof replacement including new mechanical, electrical and emergency services;
- completion of the press gallery's refurbishment including new air conditioning, electrical services and joinery;
- completion of the cooling towers replacement including extensions to the cooling towers enclosure;

- completion of roof safety provisions including safety lines, walkways and ladders;
- minor works projects including automatic sliding doors to courtyards, exterior painting, communications cabling and new staff amenity provisions; and
- completion of the mechanical services condition audit and upgrade strategy, asbestos management plan and fire safety strategy review.

Conservation works ensure the ongoing preservation and integrity of the Old Parliament House building, while facilitating public display and access. Major conservation initiatives undertaken during the year included:

- the conservation of the House of Representatives press offices;
- a scoping study of the condition and conservation requirements for collection items in the House of Representatives and Senate chambers;
- implementation of the human impact management program in the orientation space and both chambers; and
- the conservation of the parquet floor at the main entrance.

On 20 June 2006, the Prime Minister announced the inclusion of Old Parliament House on the National Heritage List. National Heritage listing recognises that Old Parliament House is one of the most significant heritage buildings in Australia. As a result of this listing, approval from the Minister for Environment and Heritage is required before any action can take place that will have, or is likely to have, a significant impact on the environment or heritage values of the building.

Figure 2.16 Old Parliament House conservation and refurbishment—expenditure

	2001–02	2002–03	2003–04	2004–05	2005–06
Total expenditure on relevant capital works (\$m)	\$1.605	\$2. 991	\$4.428	\$3.629	\$2.746
Total expenditure on relevant conservation works, including collection conservation	\$43 765	\$163 400	\$135 475	\$140 358	\$129 287

A new Heritage Management Plan for Old Parliament House is being developed, consistent with the requirements of this listing and the provisions of the *Environment Protection and Biodiversity Conservation Act 1999*. As shown at figure 2.16, \$2.746 million was spent on capital works and almost \$130 000 on conservation works.

High visitor and audience satisfaction and engagement

Visitor numbers for the main Old Parliament House site have again reached record levels. The increase can be attributed to a strong exhibitions and events program including the successful *Mrs Prime Minister* and *My Melancholy Duty* exhibitions and more effective marketing. School student numbers also increased on last year's record numbers.

The National Portrait Gallery's Commonwealth Place annex experienced a decline compared to its 2004–05 figures, which had seen it host the highly successful *Kylie* exhibition that had attracted a record number of visitors.

At various times during the year, construction work to complete and reconfigure the Lake Burley Griffin foreshore at Commonwealth Place had a negative impact on visitor numbers and visitor experience at the National Portrait Gallery's Commonwealth Place premises.

Total combined visitors for the main Old Parliament House site and Commonwealth Place (excluding café, function and restaurant visitors) were 220 293, compared with 222 495 in 2004–05 (see figure 2.17). Visitor growth for the period 2005–06 was slightly higher than the average for other Canberra attractions and consistent with overall Canberra tourism growth in general for this period.

Visitor surveys and feedback showed that the overwhelming majority of visitors rated their overall experience as good or very good.

Development of the new dedicated building for the National Portrait Gallery continued in 2005–06. On 7 December 2005 the winner of the architectural design competition for Australia's new National Portrait Gallery was announced by the Prime Minister. The architect firm Johnson Pilton Walker was selected to design the \$75.3 million building.

Figure 2.17 Visitors to Old Parliament House and the National Portrait Gallery

	2001–02	2002–03	2003–04	2004–05	2005–06
Main Old Parliament House/National Portrait Gallery site	171 582	161 213	147 140	178 643	181 589
National Portrait Gallery Commonwealth Place		28 444 (Nov–June)	33 564	43 852	38 704
Total visitors	171 582	189 657	180 704	222 495	220 293

Figure 2.18 Functions, café and restaurant patrons

	2001–02	2002–03	2003–04	2004–05	2005–06
Café patrons	62 319	60 960	85 168	129 208	137 630
Function patrons	36 807	30 837	34 590	36 167	40 178
Ginger Room patrons			2206 (March–June)	8791	9 657
Total patrons	99 126	91 797	121 964	174 166	187 465

The purpose-built building will be built in the Parliamentary Zone in Canberra, next to the High Court of Australia and the National Gallery of Australia. The design embodies the purpose of the National Portrait Gallery including its commemorative, celebratory, community and education roles.

The new gallery building will meet the growing needs of Australia's national portrait collection and help ensure that the collection is appropriately managed and developed. While delivery of the building project is the responsibility of the Department of Finance and Administration, the Department is closely involved in developing the building design and is responsible for planning the gallery's move to the new building, particularly the development of high-quality displays.

At the same time, the gallery must continue to develop and provide access to its collection, including maintaining exhibitions at Old Parliament House and Commonwealth Place.

Functions and hospitality activities have become a key growth area for Old Parliament House. The number of people visiting the site for these purposes increased significantly, demonstrating the solid contribution that these operations have made in attracting visitors to Old Parliament House (see figure 2.18).

Overall, combined visits to Old Parliament House and the National Portrait Gallery, including functions, café and restaurant patrons, totalled 402 048 in 2005–06, compared with 396 661 in 2004–05.

Old Parliament House's volunteers, who provide invaluable services to visitors, increased in numbers from 136 to 163.

Growing visitor/audience reach, in Canberra and nationally

Old Parliament House and the National Portrait Gallery continued to develop quality exhibitions, family-friendly activities, interpretive projects and service enhancements to increase and broaden audience reach and enrich the visitor experience.

Visitor numbers to Old Parliament House from all over Australia and from overseas continued to grow during 2005–06. Old Parliament House continues its strong performance in attracting people aged 25 and over.

Exhibitions

Temporary exhibitions play a major role in generating new audiences and encouraging return visits to Old Parliament House and the National Portrait Gallery. They help engage the community with aspects of Australia's political and parliamentary history.

Old Parliament House presented four in-house exhibitions in 2005–06, the same number as in 2004–05:

- *Eureka Revisited*, produced by the Ballarat Fine Art Gallery (22 April–17 July 2005);
- *Mrs Prime Minister—public image, private lives*, an exhibition focusing on the women who have been Prime Ministers' wives since 1901. The exhibition opened on 24 February 2006;

- *My Melancholy Duty: Menzies and Curtin in the Second World War* (2 August 2005–29 January 2006); and
- *Through Australian Eyes* (27 May 2005–18 June 2006).

Old Parliament House's first touring exhibition *A Brush with Politics—the life and work of John Frith* also completed its tour to six venues around Australia in Western Australia, Victoria and New South Wales, between March 2005 and April 2006, attracting total audiences of 34 726. The exhibition was undertaken with financial support from the Australian Government's Visions of Australia program.

Exhibitions were complemented by a range of public programs, including tours and lectures. Old Parliament House continued to assess and evaluate all exhibitions and programs to improve their development and focus on the needs of existing and potential audiences.

Old Parliament House hosted a range of public events during 2005–06. Together with a strong exhibition program, such events provided a range of opportunities to promote Australian political history and the important heritage of the site, and to attract new and return visitors.

Highlight events for the year included major exhibition launches for *Mrs Prime Minister*, *My Melancholy Duty* and the House of Representatives press galleries, a luncheon talk by Mrs Tamie Fraser (wife of former prime minister Malcolm Fraser) as part of the program of events associated with the *Mrs Prime Minister* exhibition, two concerts as a part of the Canberra International Chamber Music Festival and public talks by a number of prominent ABC foreign correspondents.

The National Portrait Gallery presented 11 exhibitions in 2005–06, the same number as in 2004–05.

- *Australian Visit* (7 April–31 July 2006). This was the first international touring exhibition of the National Portrait Gallery's collection. The National Portrait Gallery sent 52 works of art to Frederiksborgmuseet (National History Museum at Frederiksborg Castle) for the exhibition, which was officially opened by Her Royal Highness Crown Princess Mary of Denmark. Visits to the exhibition totalled 32 000 (see case study, page 68).
- *Cecil Beaton Portraits* (16 September–27 November 2005, National Portrait Gallery at Old Parliament House).
- *Clifton Pugh's Australians* (9 December 2005–26 March 2006, National Portrait Gallery at Old Parliament House).
- *Face the Music* (15 August–13 November 2005, National Portrait Gallery at Old Parliament House).
- *Flash: Australian athletes in focus* (4 March–12 April 2006, Silvershot Gallery, Melbourne in conjunction with the 2006 Commonwealth Games). This exhibition was part of the official cultural program for the Commonwealth Games. The National Portrait Gallery mounted a photographic exhibition of Australian sportspeople. Approximately 1400 people visited the exhibition.
- *Glossy II—Faces magazines now* (25 November 2005–9 April 2006, National Portrait Gallery at Commonwealth Place).
- *Headspace VI—Who Am I?* (3 September–6 November 2005, National Portrait Gallery at Commonwealth Place).
- *Kylie* (13 May–14 August 2005, National Portrait Gallery at Commonwealth Place).

- *Portraits for Posterity* (7 April–9 July 2006, National Portrait Gallery at Old Parliament House).
- *Rennie Ellis: Aussies all.* (21 April–27 August 2006, Commonwealth Place).
- *The World of Thea Proctor* (8 April–31 July 2005, National Portrait Gallery at Old Parliament House).

Gallery exhibitions were enhanced by catalogues, public programs, student workshops and Circle of Friends (gallery supporters) events. Membership of the Circle of Friends reached 915, up from 832 in the previous year.

The National Portrait Gallery continued to develop and consolidate its audience through its ongoing program of activities. In 2005–06, it presented two annual lectures (Mr Hugo Vickers on the life and work of Cecil Beaton and Mr Sandy Nairne, director of the National Portrait Gallery, London on 'Why do painted portraits still matter?') and four other lectures (three by prominent Australian portrait artists in association with masterclasses).

The National Portrait Gallery also mounted a small exhibition of portraits reflecting Swedish/Australian connections to commemorate the November 2005 visit to the National Portrait Gallery of Their Majesties, the King and Queen of Sweden.

Interpretation

Old Parliament House's major interpretative work during the year was the restoration, interpretation and reopening to the visiting public of the House of Representatives press galleries. The galleries were officially opened by the Prime Minister on 20 June 2006 (see case study, page 70).

Case study

The National Portrait Gallery goes to Denmark

The wedding of the Danish Crown Prince to the Tasmanian-born Mary Donaldson in May 2004 strengthened the links between Denmark and Australia. As a result, 2006 saw the first international tour of works from the National Portrait Gallery's collection to Denmark.

The Danish Museum of National History—the Danish equivalent of the National Portrait Gallery—mounted *Australian Visit*, an exhibition looking at the relationship between Denmark and Australia from the nineteenth century to the present day.

The National Portrait Gallery loaned 52 works of art to Frederiksborgmuseet (National History Museum at Frederiksborg Castle) for an exhibition opened on 7 April 2006 by HRH Crown Princess Mary, accompanied by HRH Crown Prince Frederik.

Mostly drawn from the National Portrait Gallery's permanent collection, the works highlighted the achievements of notable Australians in many fields. The portraits were of a variety of media: painting, sculpture and photography.

A central feature of the exhibition was the set of two recently commissioned portraits of the Crown Princess by Australian artists Jiawei Shen and Ralph Heimans.

The National Portrait Gallery Director, Mr Andrew Sayers, negotiated with the Frederiksborgmuseet and the Danish Royal Court to secure the first official Australian portrait of the Crown Princess.



The National Portrait Gallery's founding patron, Mr L Gordon Darling AC CMG, and the current Chair of the National Portrait Gallery Board, Mrs Marilyn Darling, were accompanied by Mr Sayers to the exhibition opening.

The exhibition closed on 31 July having attracted some 32 000 visitors.

The National Portrait Gallery's portrait of HRH Crown Princess Mary of Denmark by Jiawei Shen being installed in Frederiksborg Castle as part of the exhibition *Australian Visit*. The exhibition, organised by the Danish Museum of National History, Frederiksborg, featured 52 portraits from the National Portrait Gallery, Canberra, along with items of costume and artefacts relating to Australia. Photo courtesy of the Danish Museum of National History.

Education

The education sector continued to be a key growth area for Old Parliament House. The number of students accessing Old Parliament House services and programs continued to grow, both in actual numbers and as a proportion of overall visitors.

Old Parliament House student visitors increased slightly from 45 038 in 2004–05 to 45 051 in 2005–06. There were 12 038 students who experienced National Portrait Gallery education programs, an increase on the 2004–05 figure of 11 386. Both Old Parliament House and the National Portrait Gallery education programs were widely promoted to the formal education sector.

Feedback continued to indicate that teachers are very satisfied with their students' experience of Old Parliament House and the National Portrait Gallery. Highlights of staff-directed programs included the refinement of the heritage education component of the education program and the delivery of presentations, workshops and demonstrations to teacher associations and education groups to promote Old Parliament House and its programs.

Old Parliament House student groups are provided with professionally delivered programs strongly linking with the Government's Civics and Citizenship curriculum statement and its Australian history initiative. Professional staff also provided presentations and workshops for teachers on site, and presented papers at national and state education conferences.

Other highlights for the year included the opening of the new student orientation space, which enhances the important introductory experience

at Old Parliament House, and the production of a major supplement in the *Canberra Times* to complement the *My Melancholy Duty* exhibition.

Old Parliament House was designated as one of three institutions (along with the Australian War Memorial and Parliament House) that school groups visiting Canberra must visit in order to be eligible for the new Parliament and Civics Education Rebate allowance administered by the Department of Education, Science and Training and announced in the 2006–07 Budget. This initiative, introduced on 1 July 2006, has the potential to substantially increase student visits to Old Parliament House.

Websites

Old Parliament House and the National Portrait Gallery have continued to develop a substantial presence through their website activities in 2005–06. The websites provide a major portal to Old Parliament House and National Portrait Gallery exhibitions and holdings, allowing access to people who are unable to visit Old Parliament House or the gallery in person.

The growing importance of the websites to the operations of Old Parliament House and the National Portrait Gallery is demonstrated by the huge growth in visits to the websites in recent years (set out in figures 2.19 and 2.20), including a 96 per cent increase in Old Parliament House website traffic in 2005–06 and a 192 per cent increase in National Portrait Gallery website traffic in the same period.

Case study

The press gallery returns to Old Parliament House

Old Parliament House recognised the media's intrinsic role in the Australian political process with the reopening of the House of Representatives press gallery—this time as a permanent exhibition for the general public.

Prime Minister John Howard launched the gallery exhibition on 10 June 2006. It tells the story of those who worked in the press gallery from 1927 to 1988, when it all ended with the opening of the new Parliament House on the hill.



Former Deputy Prime Minister Rt Hon Doug Anthony and Prime Minister John Howard at Old Parliament House.
Photography by Howard Moffat / AUSPIC.

Visitors can sit in the original press gallery and experience the atmosphere which *The Australian's* Kate Legge described as 'an institution fruity with characters who were sardined together for intense periods in the shadow-land of political power'.

The restoration was a whole-of-organisation project, with managers and staff from capital works, heritage conservation, exhibition and interpretation services all involved.

Key stakeholders like former press gallery members and media organisations provided extensive assistance, sharing their memories and donating objects.

The scale and crowding of the original Parliament House building meant that journalists and politicians worked closely, developing intimate relationships that shaped the way Parliament and Australian Government politics were reported to the nation.

The displays use quotations, texts, images and objects to show what life was like as a gallery journalist. Big events, leaks, sources, competitiveness, gossip and censorship are all covered.

There are lively bipartisan tales of politicians and press secretaries, and how some of the political story was brought to the public.

The exhibition designers made much use of sound, which conveys the Gallery's hustle and bustle and complements the recreations and oral histories. Some of the important stories are told through the journalists' own recorded voices.

There are interactive displays with banks of TVs and radios inviting visitors to 'Choose your news', and an ABC radio studio has been set up to allow visitors to 'interview a polli'.

Figure 2.19 Old Parliament House—website statistics

	2002–03	2003–04	2004–05	2005–06
Total visits	57 939	69 719	183 028	354 343
Change from previous year	Not available	+20%	+162%	+96%

Figure 2.20 National Portrait Gallery—website statistics

	2002–03	2003–04	2004–05	2005–06
Total visits	50 000 approx	62 270	179 877	527 199
Change from previous year	Not available	+25%	+165%	+192%

Key content additions to the Old Parliament House website included major sub-sites relating to the *Mrs Prime Minister* exhibition, Robert Menzies' 1941 wartime diary and *Dismissed*, the story of the dismissal of the Whitlam Government in 1975. The Menzies' diary website in particular has been well received and has attracted a significant number of visitors.

Content additions to the National Portrait Gallery website included ensuring that all National Portrait Gallery exhibitions were represented online, highlighting recent acquisitions, an expanded and updated feature on student programs and workshops and animations of some notable portraits, including that of HRH Crown Princess Mary of Denmark. Substantial content on the new building, including a virtual tour of the proposed design, is also on the website and regularly updated with progress on the building project.

Media coverage

Old Parliament House and National Portrait Gallery exhibitions and activities continued to attract substantial media coverage. Old Parliament House generated 182 newspaper stories, 37 radio stories and 20 television stories in local and national media. The National Portrait Gallery generated 173 editorial articles, 22 television stories and wide coverage through radio in local and national media. The gallery also published four editions of its award-winning *Portrait* magazine covering aspects of the gallery's exhibitions, recent acquisitions and education programs.

Awards

Old Parliament House's place in Australia's heritage was recognised recently by the announcement of its inclusion on the National Heritage List which currently includes only 31 sites. The National Portrait Gallery received eight print/publication awards at the Museums Australia Publication and Design Awards announced at the Museums Australia national conference on 15 May 2006.

Figure 2.21 Old Parliament House and National Portrait Gallery
revenue from other sources

	2002–03 \$'000	2003–04 \$'000	2004–05 \$'000	2005–06 \$'000
PAES revenue budget	2443	2174	1456	1636
Old Parliament House and National Portrait Gallery revenue actuals	4066	2410	1781	3560

Revenue budgets are met

In 2005–06, Old Parliament House and National Portrait Gallery revenue from other sources exceeded targets and increased from 2004–05 levels (figure 2.21). This is primarily due to an increase in cash donations to the National Portrait Gallery and is attributable to normal fluctuations in donations.

Effective budget management

The overall price of Output 1.2 was on track in 2005–06, with an increase in revenue from other sources.

Regular evaluation of the budget outcome is conducted by managers and commentary on variations between budget and expenditure is provided to, and discussed by, the Executive Management Group on a monthly basis. The commentary also includes forecasting of budget trends where possible.

Development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians.

Development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians

Outcome 2

Resources for Outcome	74
Performance information index	75
Achievement of Outcome	76
Administered items	81
Output 2.1	87

Resources for Outcome 2

Development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians

	(1) Budget 2005–06* \$'000	(2) Actual 2005–06 \$'000	Variation (column 2 minus column 1) \$'000	Budget 2006– 07** \$'000
Administered Expenses				
(including third party outputs)	150 220	109 394	–40 826	44 532
Total Administered Expenses	150 220	109 394	–40 826	44 532
Price of Departmental outputs				
Output 2.1 Policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector	9 723	9 655	–68	6 098
Revenue from Government (Appropriation) for Departmental outputs	9 319	9 237	–82	5 617
Revenue from other sources	404	418	14	481
Total price of outputs	9 723	9 655	–68	6 098
TOTAL FOR OUTCOME 2 (Total price of outputs and administered expenses)	159 943	119 049	–40 894	50 630
			2005–06	2006–07
Average staffing level			54***	41

* Budget estimates as at 2005–06 Portfolio Supplementary Additional Estimates Statement.

** Budget estimates are as at 2006–07 Portfolio Budget Statements.

*** For ASL this represents total Outcome ASL. For output specific ASLs refer to June ASL reports.

Performance information index

	Annual report page reference	PBS page reference
Outcome 2		
Development of a stronger and internationally competitive Australian sport sector and encouragement of greater participation in sport by all Australians	76	43
Administered items		
Water and alpine safety	81	46
Sports and recreation program (anti-doping)	81	46
Australian Government assistance to stage the 2006 Commonwealth Games in Melbourne	85	46
Australian Government financial support for the development of sporting facilities	85	46
Indigenous Sport and Recreation program	86	46
Departmental items		
Output 2.1		
Policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector	87	46

Outcome 2

Achievement of Outcome

Development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians

The Australian sports sector is strong, reflecting the community's interest in elite performance by Australian athletes and in participating in sport as a healthy and enjoyable activity. Across the country, sport is generally administered on a 'sport runs sport' basis, with financial and other support being provided by governments at all levels. Recipients of Australian Government funding are required through their funding agreements to display sound governance and implement appropriate anti-doping policies.

In accordance with the Australian Government's sport policy, the Department works with the Australian Sports Commission and the Australian Sports Anti-Doping Authority to deliver funding and support in the areas of high-performance sport, community participation, major events, infrastructure and anti-doping.

The Department's role is to:

- provide overarching policy advice to the Government—especially on anti-doping, sport industry development and Indigenous sport and recreation;
- manage specific programs on anti-doping research, water and alpine safety and sporting opportunities for Indigenous peoples;

- oversee the delivery of sporting infrastructure where the Australian Government has approved funding; and
- coordinate the Government's support for major sporting events which in 2005–06 included the Melbourne 2006 Commonwealth Games.

A key priority for the Department during 2005–06 was the establishment of the Australian Sports Anti-Doping Authority (see case study, page 77). The Authority is now the single organisational focal point for Australia's anti-doping operational activities. It has assumed the drug testing and education functions of the former Australian Sports Drug Agency and has additional functions to investigate allegations of doping violations, prepare and present doping cases to sporting tribunals and define how Australia's sporting organisations should implement World Anti-Doping Code compliant anti-doping protocols.

Australia's work in establishing the Australian Sports Anti-Doping Authority was recognised by the Director General of the World Anti-Doping Agency who noted that the Authority was a model for the rest of the world.

All sporting organisations in receipt of Australian Government funding will be required, as a condition of funding, to recognise the Australian Sports Anti-Doping Authority's anti-doping jurisdiction.

The Department led Australia's participation in the development of a UNESCO International Convention against Doping in Sport through its membership of an intergovernmental meeting of experts responsible for drafting the convention. The Department also facilitated Australia's accession to the Convention on 17 January 2006. Once ratified by thirty countries around the world, the Convention will provide the

Case study

Clean competition: Australia's anti-doping framework

Australia has taken a leading international role in the fight against doping in sport.

In the process, the Australian Government sought to establish a framework that is both tough on drugs in sport and that recognises and protects athletes' rights.

Through its 'Tough on Drugs in Sport' Strategy, launched prior to the Sydney 2000 Olympic Games, the Government established a robust anti-doping framework that included testing and research, and that provided education for athletes and support personnel.

The Government recognised, however, that the credibility and legitimacy of Australia's anti-doping efforts are linked closely to the level of confidence that athletes, sport officials and the public have in the transparency and accountability of the processes for investigating and hearing allegations of doping. In its 2004 *Building Australian communities through sport* policy, the Government made a commitment to strengthen the investigation of alleged doping violations and to establish clear and consistent arrangements for hearing doping matters.

In June 2005, the Minister for the Arts and Sport, Senator Rod Kemp, announced that the Government would establish a new statutory body as the focal point for Australia's anti-doping operations. The Department developed legislation for the new body to assume the testing, advocacy and education functions of ASDA and to undertake the investigation of alleged doping violations and the presentation of doping cases at hearings.

The Australian Sports Anti-Doping Authority (ASADA) was launched on 14 March 2006, in time for the Melbourne 2006 Commonwealth Games. The World Anti-Doping Agency welcomed its establishment and described it as a model for other nations.

Australia has also been active in promoting international cooperation on doping in sport—most notably through international instruments such as the 2003 *Copenhagen Declaration* and the UNESCO *International Convention Against Doping in Sport*. The Convention was adopted unanimously on 19 October 2005 during the UNESCO General Conference and aims to ensure that governments throughout the world take actions consistent with the World Anti-Doping Code.

Officials from DCITA played an active role in the development of the Convention, including representing Australia on the drafting group. Australia formally acceded to the Convention on 17 January 2006, one of the first countries to do so.



(L–R): ASADA Chair, Richard Ings; Minister for the Arts and Sport, Senator Rod Kemp; and Director General, World Anti-Doping Agency, David Howman at the launch of ASADA in March 2006.

framework for all countries to contribute to the harmonisation of the global anti-doping effort.

In August 2004, the Government announced that all Ministers were required to assess the governance arrangements of portfolio bodies against the templates that were outlined in the 2003 *Review of governance of statutory authorities and office holders* by Mr John Uhrig AC. Consistent with this announcement, the Department undertook the assessment of the Australian Sports Commission's governance arrangements against the templates developed by the review.

The Department successfully coordinated the Australian Government's support for the XVIIIth Commonwealth Games held in Melbourne in March 2006 (see case study, page 79). This was a significant international sporting event involving 4500 athletes from the 53 countries and 18 territories of the Commonwealth. The Games were widely hailed as a success with over 1.7 million tickets sold and a global television audience of 1.5 billion.

The Australian Government provided \$112.9 million in direct financial assistance to the Victorian Government to ensure the successful staging of the Games and to leverage national benefits and legacies. Over 30 Australian Government agencies provided security and non-security services valued at \$176.4 million. A comprehensive recognition package acknowledging the Government's support was negotiated by the Department.

The Department also organised the third Commonwealth Sports Ministers' Meeting which was held in Melbourne in the margins of the Commonwealth Games. The meeting was chaired by the Minister for the Arts and Sport and attended by over 150 delegates from 50 Commonwealth nations and territories.

The Commonwealth Sports Ministers' Meeting addressed the application of sports programs in assisting the health, social and economic development of Commonwealth countries. The meeting agreed to promote the benefits of sport and physical activity and the contribution of physical education and sport to educational outcomes. The meeting also agreed to use sport to build inclusive communities and develop leadership and participation in the community.

Using sport to build healthy and active communities is a key Australian Government objective. This is particularly relevant to Indigenous communities, where sport is an important feature of community life. During 2005–06, the Indigenous Sport and Recreation Program continued to support community participation in sport and physical recreation activity, recognising that these activities contribute to improving the health and physical wellbeing of Indigenous Australians.

The Australian Government provides funding to community sporting and recreational groups for facility upgrades and improvements. The Department administers this funding through the development and monitoring of funding agreements that underpin the projects.

High levels of sport participation

The Exercise, Recreation and Sport Survey is a joint Australian Government and State Government initiative. The survey is conducted annually to collect data on the frequency, nature and type of activities undertaken by people aged 15 years and over for exercise, recreation and sport during the 12 months before interview.

The Participation in Exercise, Recreation and Sport Survey 2005 Annual Report indicated that an estimated 11.1 million persons aged 15 years and over

Case study

Melbourne 2006 Commonwealth Games

The Melbourne 2006 Commonwealth Games (M2006 Games), held from 15 to 26 March 2006, was the largest international sporting event ever held in Victoria and around one third the size of the Sydney 2000 Olympic Games. The event was widely hailed as a success—over 1.7 million tickets were sold, around 90 000 tourists came to Melbourne from interstate and overseas and there was a global television audience of 1.5 billion. Some 2.0 million people attended the cultural program, *Festival Melbourne 2006*, held in conjunction with the sporting competition.



Elite Athletes with a Disability (EAD) program launch. (L–R) Attorney General's Department M2006 Taskforce Security team members, Dianna Ferry, Carolyn Wolfernden, M2006 mascot 'Karak', Senator Rod Kemp, Lindsay Hansch (Manager), Siw Whitkof. Photo by Mark Farrelly.

The M2006 Commonwealth Games Taskforce, set up within the Department in 2002, played a major cross-government role in assisting the Minister for the Arts and Sport to coordinate Australian Government involvement in the Games. More than 30 Australian Government agencies provided Games-related security and non-security support. The Attorney-General's Department provided security expertise to the Taskforce and public affairs specialists developed and managed a whole-of-Government communications strategy for the Games.

The Taskforce worked closely not only with Australian Government security and non-security agencies but also with the Victorian Government and the M2006 Games Corporation, which was responsible for staging the event.

Development of a package of Australian Government support for the M2006 Games valued at \$289 million was co-ordinated by the Taskforce. This included \$113 million in direct financial support to the Victorian Government for M2006 Games projects, including the Opening and Closing Ceremonies, the Queen's Baton Relay, *Festival Melbourne 2006* and the Volunteer Program, and \$176 million in security and non-security services and support.

The package of assistance was designed to leverage a number of national benefits and legacies. Key outcomes included generating business benefits through promoting Australian businesses as world-class trade and investment partners, showcasing Australia as a premium major events and holiday destination, strengthening relationships within the Commonwealth, and consolidating the Commonwealth Games as a major international sporting event and Australia as a sporting nation.

The Taskforce also ensured recognition of the Australian Government's involvement in the M2006 Games appropriate for the level of contribution provided. This included signage at M2006 Games venues, Australian Government branding on workforce uniforms and a range of Games collateral, including the tickets, and the involvement of Australian Government ministers in various Games activities.

participated at least once per week in physical activity for exercise, recreation and sport (not including household or garden chores, or activities that were part of work), a participation rate of 69.2 per cent. This is equivalent to the number of persons who participated at least once per week in 2004.

The participation rate dropped with higher frequency of involvement. An estimated 7.1 million persons aged 15 years and over exercised three or more times per week (44.2 per cent) and a total of 4.9 million persons (30.8 per cent) either did not participate in any activity, or participated less than once per week.

The proportion of Australians who participated in organised sport in 2005 has fallen from 42.7 per cent in 2004 to 41.8 per cent in 2005.

Stronger and internationally competitive Australian sports sector

The Department contributes to the development of a competitive Australian sports sector through its work on strengthening the fight against doping in sport, coordinating government involvement in major sporting events and providing policy advice to the Government on sport issues.

Australian Government financial and other support for major sporting events, such as the Melbourne 2006 Commonwealth Games, is a key strategy for building the Australian sport and leisure industry. These events not only give Australia's high-performance athletes the opportunity to participate in world-class sporting competition, but also showcase Australia's ability to stage major events and promote the capacity of the Australian sport and leisure industry generally.

Outcome 2

Administered items

Water and alpine safety

Key initiatives undertaken

The National Recreation Safety Program (water and alpine safety) provides funding to national recreation safety organisations with the aim of reducing the number of aquatic and skiing accidents and deaths in Australia. Funding is also provided for high-priority projects, including those identified by the Australian Water Safety Council in the revised National Water Safety Plan 2004–07.

In 2005–06, the Department administered funding totalling \$3.615 million to the four national recreation safety organisations—Surf Life Saving Australia, Royal Life Saving Society Australia, AUSTSWIM and the Australian Ski Patrol Association—to support the general administration of the organisations and assist in the delivery of water and alpine safety programs. Special-purpose and high-priority project funding was also provided to support 20 projects (see figure 2.22).

In addition, the Government committed \$1.5 million over four years from 2004–05 to Surf Life Saving Australia to support a range of activities to enable Australians to celebrate the centenary year of surf lifesaving in Australia in 2007. In 2005–06, the Department administered a grant of \$400 000 to Surf Life Saving Australia for this purpose (see case study, page 83).

All organisations met the required performance indicators and payments were acquitted within the specified timeframe. The Department's annual client service survey report also showed that 100 per cent of respondents rated the Department's service as good or excellent.

Sport and Recreation (Anti-Doping) program

High-quality research

The Department administers the Sport and Recreation (Anti-Doping) program which provides funding to academic and scientific organisations to undertake anti-doping research, with the aim of improving the analytical capability for detecting the use of banned substances and doping agents in sport. The program also provides funding for Australia's annual subscription to the World Anti-Doping Agency.

In 2005–06, \$3.189 million was made available under this program, of which \$329 923 was used to pay the World Anti-Doping Agency subscription, \$550 000 was allocated to the establishment of the Australian Sports Anti-Doping Agency and the remainder was made available for anti-doping research.

Anti-doping research that improves the analytical capability of detecting banned substances and doping methods is a fundamental building block of any drug testing system. Keeping up with and, where possible, getting ahead of the latest doping practices is essential to the operation of an effective anti-doping framework.

The Anti-Doping Research Program Panel, chaired by the Department, coordinates the allocation of the anti-doping research funding and monitors the progress of projects. Research grants totalling \$523 722 were made under the program in 2005–06 (see figure 2.23, page 84, for details of the projects supported).

A second funding round was initiated in March 2006. Most of the projects selected during this round have milestones that will fall due in the 2006–07 financial year.

Figure 2.22 Water and alpine safety—special purpose and high-priority project funding

Projects

Surf Life Saving Society Australia (\$639 850)

Continued Development of Vocational Education Training Programs
Australian Coastal Public Safety Standards
Surfguard Information Technology Development
Primary School Education Resource
Community Education/Lifeguard Business Development
ISO and Australia Standard Signage Development

Royal Life Saving Society Australia (RLSSA) (\$639 850)

Rural & Regional Education Program
Water Safety Research and Planning
Standardising Home Pool Legislation and Safety protocols
Remote Indigenous Pools Management Support Program
Water Safety Programs
Continued Expansion of RLSSA E-Learning Strategy
Development/Expansion of RLSSA Aquatic Risk Management Program
Aquatic Industry Services
Community Lifesaving Project

Australian Ski Patrol Association (\$85 300)

Vertical Rescue Training and Support Capability
Update, Reprint and Distribute the Snow Safety Guide to Safety in the Alpine Area
SnowSafe Video

Austswim (\$77 000)

Resource Development for Indigenous Candidates
Austswim Course Resources – Video Production

Case study

2007 Year of the Lifesaver

Australia is a continent with a coastline of more than 36 000 kilometres and over 11 000 beaches. Since the early 1900s, the popularity of what was then called 'surf-bathing' has increased rapidly. Unfortunately, so has the number of swimmers who get into difficulty in the surf.

Since the formation of the Surf Bathing Association of NSW in October 1907, Surf Life Saving Australia's trained surf lifesavers have been keeping our beaches safe. In that time, they have rescued more than 500 000 people and provided first aid to a million others. Today, Surf Life Saving Australia is the largest volunteer based organisation in Australia, comprising more than 110 000 members, of which 34 000 patrol between 300 and 400 beaches throughout the country.

In addition to the \$3.1 million provided to Surf Life Saving Australia in 2005–06 under the National Recreation Safety Program to support water safety initiatives, the Government is providing \$1.5 million from 2004–05 to 2007–08 to support a range of initiatives to enable Australians to celebrate the centenary of lifesaving in Australia and to recognise the role of surf lifesavers in protecting Australians over the past 100 years. 2007 has been named the Year of the Surf Life Saver.

To celebrate the Year of the Surf Life Saver, the Government is supporting the celebrations and commemorative events, including:

- a landmark national travelling exhibition, which will reflect on the role surf lifesaving has played in shaping Australian beach culture. The exhibition will be launched in Canberra and will travel to all Australian capital cities throughout the year;
- a history book, which will focus on the history of Surf Life Saving Australia and the crucial role surf lifesaving has played in the emergence of Australian beach culture; and
- a series of stamps and coins to reflect the many faces of surf lifesaving.

Activities to celebrate 2007 as Year of the Surf Life Saver will commence in late 2006, and will take place throughout 2007.



1930 Cronulla March Past Team.
Photo by Leon Cayley, courtesy
of Surf Life Saving Australia.

Figure 2.23 Sport and Recreation (Anti-Doping) program—high-quality research
2005–06 funding (round 1)

Priority research areas		Funding
Novel biotechnologies applied to sports doping control	<ul style="list-style-type: none"> • Investigations into metabolism and detection in urine of new designer steroids. 	\$99 250
	<ul style="list-style-type: none"> • Developing strategies for detection of gene doping. A literature review of immune responses to gene transfer in gene therapy and their potential application in gene doping detection. 	\$42 500
	<ul style="list-style-type: none"> • Use of an in vitro androgen bioassay for universal detection of illicit androgen use: A pilot feasibility study for an androgen cap assay. 	\$107 500
Methods to detect autologous blood doping or use of insulin	<ul style="list-style-type: none"> • Detection of autologous blood doping by multiparameter flow cytometry. 	\$78 761
	<ul style="list-style-type: none"> • Mass spectral confirmation and quantitation of peptide hormones and their synthetic analogues including IGF-1 and Insulin. 	\$118 250
Social science research into motivation that may lead to practical deterrence strategies.	Social science and drugs in sport: Developing a research agenda for Australia.	\$77 461

Australian Government assistance to stage the 2006 Commonwealth Games in Melbourne

High-quality administration of financial assistance for the Melbourne 2006 Commonwealth Games

In 2003–04, the Australian Government provided \$40 million of the \$112.9 million direct financial assistance package to the Victorian Government to support the staging of the M2006 Commonwealth Games. The Department continued to administer this funding agreement in 2005–06.

In 2005–06, a second funding agreement for the remaining \$72.9 million was finalised including details of how the Government's financial and other support for the Games would be recognised and acknowledged, and of how payment would be made to the Victorian Government.

Australian Government financial support for the development of sporting facilities

High-quality administration of financial assistance

During the 2004 election, the Government committed to:

- the redevelopment of the Whitten Oval at Footscray, Victoria (\$8 million);
- the upgrade of Penrith Stadium in Western Sydney, New South Wales (\$10 million);
- several projects to improve sporting facilities in Tasmania (up to \$7.87 million);
- the development of the Geelong Legends Sporting Boulevard as part of stage 2 of the Skilled Stadium redevelopment plan at Kardinia Park, Geelong, Victoria (\$2 million);
- an upgrade of Kogarah Oval in Sydney (\$8 million); and
- 27 projects to improve sporting facilities throughout Australia (\$1.98 million).

During 2005–06, the Department completed eight funding agreements for the above projects and total payments of \$18.097 million were made. The Department also continued to manage the ongoing projects that were funded in 2004–05.

In accordance with agreed reporting schedules, recipients of election commitment funding commenced reporting during 2005–06 on the progress of funded projects. At 30 June 2006, eight projects were completed and an additional 20 funded projects had met the required milestones. It is expected that the remaining 10 projects will meet the necessary reporting requirements and be completed in 2006–07.

In April 2006, the Government committed to:

- constructing the South Australian State Aquatic Centre (\$15 million);
- establishing the National Sports Museum at the MCG (\$15 million); and
- upgrading Toyota Park (\$9.6 million).

The Department negotiated and finalised funding agreements for all of these projects, resulting in total payments of \$39.6 million in 2005–06.

Indigenous Sport and Recreation Program (ISRP)

High-quality program funding and grant administration for the ISRP

The ISRP aims to increase the active participation of Indigenous Australians in sport and physical recreation activities, recognising that these activities contribute to improving the health and physical wellbeing of Indigenous Australians. In 2005–06 a total of \$11.536 million was expended under the following three elements of the ISRP:

- the community-based multi-regional program—funding was provided to organisations to deliver community-based sport and physical recreation activities that extend across more than one region, including major carnivals and events;
- the regional program—funding was provided mostly for community-based sport and physical recreation activities within a region, including skills development programs, access to facilities and equipment; and
- the Indigenous Sport Program—funding was provided to the Australian Sports Commission (ASC) for a network of Indigenous Sport Development Officers employed by state and territory departments and for a program that provided financial assistance to talented Indigenous athletes.

A total of 167 grants were issued under the community-based multi-regional and regional programs. Activities funded covered a wide range of sport and physical recreation activities in urban, regional and remote locations across Australia and included sporting carnivals and equipment upgrades.

Under a Memorandum of Understanding between the Department and the ASC, \$2.2 million was provided to support the ASC's efforts to enhance the development and provision of sporting opportunities within Indigenous communities. These funds were used for two purposes:

- employment of 28 Indigenous Sport Development Officers (\$1.684 million) to work with Indigenous communities and relevant government agencies in promoting sport and physical recreation activity at the regional and local level; and
- the Elite Indigenous Travel and Accommodation Assistance Program (EITAAP) that provides financial support to Indigenous sports people selected for mainstream national and international sporting competitions. In 2005–06, 820 Indigenous sportspeople accessed funding through EITAAP totalling \$485 218. This represents a significant increase of 34 per cent or 206 more people accessing the benefits of EITAAP compared with 614 sports people for the same period in 2004–05.

In 2005–06, an internal review of the program undertaken by the Department indicated strong stakeholder support for the ISRP, particularly for the Indigenous Sport Development Officers. Stakeholders expressed a preference, however, to be able to enter into multi-year agreements for the employment of these officers. The Department has commenced discussions with the Australian Sports Commission regarding the development of multi-year funding arrangements.

Output 2.1

Policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector

High quality program administration

Under the Sport and Recreation (Anti-Doping) Program, Australia's \$329 923 financial commitment to the World Anti-Doping Agency for 2006 was paid on time.

Six grants totalling \$523 722 were paid in 2005–06 under the anti-doping research component of the program. However, as it took longer than expected to finalise the funding agreements, projects commenced later than scheduled. Of the six projects, four were required to submit reports by 30 June 2006. At that time, milestones remained outstanding for two of the projects.

The Department arranged two meetings of the Anti-Doping Research Panel in 2005–06. The second of these, in June 2006, saw a significant increase in the level of funding approved under the program due to an enhanced application process and expansion of the scope of the research supported by the program. Most of the projects will have milestones falling due in the 2006–07 financial year.

In 2005–06, the Department administered grant funding of \$3.615 million to the four national recreation safety organisations—Surf Life Saving Australia, Royal Life Saving Society Australia, AUSTSWIM and the Australian Ski Patrol Association—to support general administration and assist in the delivery of water and alpine safety



Sport Branch.
Standing (L–R):
Luke Van Den Hoek,
Jonella Welsh,
Tracy Miosque,
Suzannah Welsh.
Sitting (L–R):
Wally Murdoch,
Paul Salmond,
Sue Evens,
Glenn Barry.

programs. The Department also administered special-purpose and high-priority project funding for 20 projects.

The Department has recorded that all organisations have met the performance indicators required by the funding agreements and payments were acquitted within the specified timeframe.

In 2005–06, \$11.536 million was expended under the three components of the Indigenous Sport and Recreation Program (ISRP). Over 260 applications were received for funding. The Department issued 167 grants under the Community-based Multi-regional Program and the Regional Program. Moreover, 820 Indigenous sportspeople accessed funding through the Elite Indigenous Travel and Accommodation Assistance Program which operates under a Memorandum of Understanding between the Department and the Australian Sports Commission.

End of year reporting by funded organisations is not due until the end of the first quarter of the 2006–07 financial year, therefore it is not possible to provide final information on the performance of these grants. As at 30 June 2006, 19 of the 179 activities funded in 2004–05 are yet to be acquitted.

More than 310 funding submissions were received in 2005–06 for possible funding under the ISRP 2006–07 annual funding round. All submissions were assessed, with 145 submissions approved for funding in May 2006.

High-quality and timely policy advice and ministerial services

The Department provides policy advice and support for the Minister across the range of sport issues.

As shown in figure 2.24, the Department produced significantly more Question Time briefs on sport issues compared to the previous year. The compliance rate for Question Time briefs also increased significantly from the previous year. Figure 2.24 shows the type of advice provided to ministers within agreed timeframes over the past two financial years. The Department's processes will continue to be monitored to achieve further improvement in the compliance rate.

The Department handled a substantial increase in the number of Ministerial correspondence and briefings compared to the previous year. This was accompanied by an improvement in the timeliness of this information.

The Department provided policy advice on a range of complex issues during the year, including:

- the Australian Government's involvement in the Melbourne 2006 Commonwealth Games—in particular, advice on the provision of financial and other support to the Victorian Government and Australian Government representation at Commonwealth Games events;
- anti-doping—particularly compliance of Australian sports with the World Anti-Doping Code, development of the UNESCO International Convention Against Doping in Sport and the establishment of the Australian Sports Anti-Doping Authority;

Figure 2.24 Advice provided within agreed timeframes

	Sport				
	2004–05		2005–06		Variation
Type of advice	Number	% on time	Number	% on time	Difference on time (%)
Ministerial correspondence	122	78	185	79	+1
Briefings					
Department initiated minutes	218	NA	233	NA	NA
– Meeting briefs	70	72	149	90	+18
Question Time briefs	69	58	81	69	+11
Parliamentary questions on notice	4	25	3	33	+8

- Australian Government financial support for sport;
- the delivery of sporting infrastructure where the Australian Government has approved funding; and
- Indigenous sport and recreation.

Highly effective contribution to, and coordination of, international anti-doping initiatives

The term of the Minister for the Arts and Sport as Oceania's representative on the Foundation Board of the World Anti-Doping Agency expired on 31 December 2005. The Department consulted countries in the Oceania region with the result that they confirmed their support for the Minister to remain in this role for a further three years. The Minister also represents the Oceania region on the Executive Committee of the World Anti-Doping Agency.

The Department provided policy advice to the Minister on these matters and represented him at meetings when he was unable to attend. The Department also co-ordinated the Australian Government's input into consultations undertaken by the World Anti-Doping Agency on various issues including the 2006 List of Prohibited Substances and Methods and on other ongoing issues relating to the World Anti-Doping Code.

The Department's contribution to these initiatives is summarised in figure 2.25.

Figure 2.25 International anti-doping initiatives

Initiative	Purpose	Department's contribution
World Anti-Doping Agency Executive Committee and Foundation Board meetings	Promotion, coordination and harmonisation of anti-doping measures internationally	<p>The Department represented the Oceania region and the Australian Government at three meetings of the World Anti-Doping Agency executive committee and two meetings of the Foundation Board in 2005–06. The Department made a contribution at these meetings on a number of issues including:</p> <ul style="list-style-type: none"> • proposed amendments to the World Anti-Doping Agency (WADA) statutes to address government and sports representative concerns about Foundation Board membership and leadership arrangements; • proposed prohibition on WADA accredited testing laboratories conducting tests on nutritional supplements; • monitoring of WADA strategic planning objectives, including in respect of code compliance; and • review of the 2006 List of Prohibited Substances and Methods.
Government funding for the World Anti-Doping Agency	Provide funding for the promotion, coordination and harmonisation of anti-doping measures internationally	<p>100 per cent of the Australian Government contribution to the annual World Anti-Doping Agency budget was paid on time.</p> <p>The timeliness of contributions from member governments continues to be a difficulty for the World Anti-Doping Agency which has been appreciative of the good example set by the Oceania region.</p>
UNESCO International Convention against Doping in Sport	Development of an international anti-doping instrument that will harmonise and coordinate anti-doping efforts across governments	<p>The unanimous adoption of the International Convention Against Doping in Sport on 19 October 2005 was the culmination of a concerted effort over a number of years to harmonise anti-doping policies and practices internationally. Australia played a significant role in the development of the Convention. Australia's work in relation the International Convention is outlined on page 89.</p> <p>Australia formally acceded to the Convention on 17 January 2006 and was one of the first countries to do so.</p>

Effective client satisfaction and consultation

All sport clients surveyed by the Department were satisfied with the service received from the Department in 2005–06. All sport sector clients surveyed also responded that the Department fulfilled its objectives in 2005–06. This matched the Department's performance in previous years.

Of the Indigenous sport clients surveyed by the Department in 2005–06, 86 per cent were satisfied with the service received from the Department and 74 per cent of Indigenous sport clients surveyed felt that the Department fulfilled its objectives in 2005–06. These results constitute a decline from 91 and 86 per cent respectively in 2004–05. The Department will consult with clients to determine the reason for the decline and implement the necessary measures to address it during 2006–07.

Compliance with accountability standards

There were no internal or external audits of sport programs in 2005–06.

Effective coordination of Australian Government involvement in Melbourne 2006 Commonwealth Games (M2006 Games)

The Australian Government provided an assistance package, valued at \$289.3 million as at 30 June 2006, to support the M2006 Games. The package included \$112.9 million in direct financial assistance to the Victorian

Government, as well as \$176.4 million in services and support provided by Australian Government agencies.

The Minister for the Arts and Sport coordinated the Australian Government's involvement in the 2006 Games. The Commonwealth Games Taskforce in the Department supported the Minister in performing this role.

The Department coordinated the involvement of some 30 Australian Government agencies providing services and support for the Commonwealth Games, and liaised with the Victorian Government on planning and delivery of Australian Government support.

To monitor progress in delivering Australian Government support, the Department coordinated the preparation of two progress reports on security arrangements and two whole-of-government progress reports covering security, non-security and communications preparations. The reports demonstrated that preparations for delivery of services and support were on schedule.

The Department evaluated its effectiveness through qualitative feedback from its stakeholders. A survey sought stakeholder assessment of the Department's level of contact with agencies, its efficiency and effectiveness, its ability to provide necessary assistance to stakeholders, the timeliness of consultation and satisfaction with the extent to which they were consulted and involved. Compared to the previous year there was a reduction in the level of contact with the Department. But across other areas the Department was rated consistently in the good-to-excellent range, maintaining previous standards in relation to efficiency and effectiveness, the quality of assistance provide to stakeholders, the timeliness of contact

and overall satisfaction with the level of contact with stakeholders. These outcomes were reinforced by positive comments from many stakeholders on the professionalism and leadership demonstrated by the Department.

Effective budget management

As identified in the resources for outcome table on page 74, the overall price of Output 2.1 was \$68 000, or less than one per cent below the budget estimate.

In relation to Outcome 2, actual administered expenses were \$40.8 million below budget estimates in 2005–06.

The majority of this amount (\$39.6 million) is explained by the accounting treatment of prepayments required to allow the development of sporting facilities. The Department will continue to monitor these projects in 2006–07.

The Sport and Recreation (Anti-Doping) Program was approximately \$600 000 below estimates for anti-doping research projects. The application process has since been reviewed and amended to enable potential researchers to indicate an interest earlier in the process and to expand the scope of the research supported by the program.

Development of services and provision of a regulatory environment which encourages a sustainable and effective communications sector for the benefit of all Australians and an internationally competitive information economy and information and communications technology industry

Outcome 3

Resources for outcome	94
Performance information index	95
Achievement of outcome	97
Administered items	123
Output 3.1	146
Output 3.2	156
Output 3.3	165
Output 3.4	169
Output 3.5	172

Resources for Outcome 3

Development of services and provision of a regulatory environment which encourages a sustainable and effective communications sector for the benefit of all Australians and an internationally competitive information economy and information and communications technology industry.

	(1) Budget 2005–06* \$'000	(2) Actual 2005–06 \$'000	Variation (column 2 minus column 1) \$'000	Budget 2006– 07** \$'000
Administered Expenses				
(including third party outputs)	358 984	347 957	–11 027	448 340
Total Administered Expenses	358 984	347 957	–11 027	448 340
Price of Departmental outputs				
Output 3.1 Policy advice and program management which encourages competitively priced and reasonably accessible telecommunications and postal services	30 571	30 293	–278	46 158
Output 3.2 Policy advice and program management which promote accessible high quality broadcasting services	14 422	14 465	43	14 748
Output 3.3 Policy advice and program management that assist the development of the information and communications technology industry	7 473	7 650	177	8 946
Output 3.4 Policy advice on intellectual property issues which supports the objectives of the portfolio, including encouraging the growth of the information economy, the production of content and the promotion of reasonable access to research and cultural materials ¹	1 655	1 595	–60	0
Output 3.5 Strategic advice, activities and representation relating to Australia's development as an information economy, nationally and internationally ²	14 041	13 683	–358	13 819
Revenue from Government (Appropriation) for Departmental outputs	67 491	66 977	–514	83 440
Revenue from other sources	671	709	38	231
Total price of outputs	68 162	67 686	–476	83 671
TOTAL FOR OUTCOME 3 (Total price of outputs and administered expenses)	427 146	415 643	–11 503	532 011
			2005–06	2006–07
Average staffing level ²			404	547

* Budget estimates as at 2005–06 Portfolio Supplementary Additional Estimates Statement.

** Budget estimates are as at 2006–07 Portfolio Budget Statements.

¹ Output 3.4 was merged into output 3.3 effective from 1 July 2006. The Departmental resources provided in the Budget for 2006–07 have been included in output 3.3.

² Output 3.5 was renumbered to output 3.4 effective from 1 July 2006. The Departmental resources provided, in the Budget for 2006–07, have been included against Output 3.5 for comparative purposes.

Performance information index

	Annual report page reference	PBS page reference
Outcome 3		
Development of services and provision of a regulatory environment which encourages a sustainable and effective communications sector for the benefit of all Australians and an internationally competitive information economy and information and communications technology industry	97	44
Administered items		
Connect Australia—Broadband Connect	123	42 (PAES)
Connect Australia—Mobile Connect	124	42 (PAES)
Connect Australia—Clever Networks	124	42 (PAES)
Connect Australia—Backing Indigenous Ability	124	42 (PAES)
Launceston Broadband Project	124	52
Telecommunications Action Plan for Remote Indigenous Communities	125	45 (PAES)
National Relay Service	126	45 (PAES)
Telstra Social Bonus—Building Additional Rural Networks program	127	45 (PAES)
Telstra Social Bonus—Local Government Fund	127	45 (PAES)
Telecommunications Service Inquiry response—regional mobile phone initiatives	127	45 (PAES)
Telecommunications Service Inquiry response—National Communications Fund	128	46 (PAES)
Telecommunications Service Inquiry response—consumer representation	128	46 (PAES)
Telecommunications Service Inquiry response—telecommunications research	129	46 (PAES)
Regional Telecommunications Inquiry—Coordinated Communications Infrastructure Fund	129	47 (PAES)
Regional Telecommunications Inquiry—Demand Aggregation Brokers	131	48 (PAES)
Regional Telecommunications Inquiry response—extending mobile phone coverage	133	46 (PAES)
Regional Telecommunications Inquiry response—Satellite Phone Subsidy Scheme	133	46 (PAES)

Performance information index (continued)

	Annual report page reference	PBS page reference
Regional Telecommunications Inquiry response—ICT training and technical support	134	46 (PAES)
International organisations contributions	134	46 (PAES)
Television Black Spots and Television Black Spots—Alternative Technical Solutions	135	46 (PAES)
ABC and SBS Digital Interference Scheme	136	46 (PAES)
Indigenous broadcasting	136	
National Transmission Network residual funding pool	137	47 (PAES)
Commercial Radio Black Spots Program	137	47 (PAES)
Regional Equalisation Plan	138	47 (PAES)
NetAlert Limited	139	48 (PAES)
Community broadcasting training fund	139	48 (PAES)
Community broadcasting transmission support	139	48 (PAES)
ICT Centre of Excellence program	139	47 (PAES)
Advanced Networks Program	140	47 (PAES)
Intelligent Island	143	
Information Technology Online	144	48 (PAES)
Departmental items		
<i>Output 3.1</i> Policy advice and program management which encourages competitively priced and reasonably accessible telecommunications and postal services	146	56
<i>Output 3.2</i> Policy advice and program management which promote accessible high-quality broadcasting services	156	57
<i>Output 3.3</i> Policy advice and program management that assist the development of the information and communications technology industry	165	58
<i>Output 3.4</i> Policy advice on intellectual property issues which supports the objectives of the portfolio, including encouraging the growth of the information economy, the production of content and the promotion of reasonable access to research and cultural materials	169	58
<i>Output 3.5</i> Strategic advice, activities and representation relating to Australia's development as an information economy, nationally and internationally	172	59

Outcome 3

Achievement of Outcome

Development of services and provision of a regulatory environment which encourages a sustainable and effective communications sector for the benefit of all Australians and an internationally competitive information economy and information and communications technology industry

The Department contributes to Outcome 3 by providing strategic advice on policy and regulatory frameworks, and by developing and administering relevant programs.

During the 2005–06 financial year, there was a further significant increase in broadband service take-up across Australia, including in regional areas where the Broadband Connect program operated. By June 2006 there were, according to Australian Consumer and Competition Commission figures, 3.2 million broadband services in Australia. Broadband adoption across Australia rose by 108.3 per cent since July 2005.

Broadband take-up also continued to grow in the small business and education sectors with an estimated 63 per cent of Internet-enabled small businesses using broadband to increase efficiency and productivity, and government schools reporting increased access to high-speed 2–10Mbps broadband connections.

Meanwhile, telecommunications prices continued to fall, while new 3G services were introduced and telephone service providers offered an increasingly diverse range of pricing plans for consumers. In the broadcasting area, more than 85 per cent of the Australian population now has access to local free-to-air digital terrestrial television access and over 96 per cent has access to Australian Broadcasting Corporation (ABC) digital services.

Exports in the information and communications technology (ICT) sector totalled \$4.3 billion, evenly split between goods and services.

In 2005–06, a major priority for the Department was to review and adjust the regulatory framework for telecommunications in advance of the sale of the Government's remaining equity in Telstra. In addition to the legislation, which enabled the Government to sell its remaining shares, the Department also prepared amendments to the competition regime to enhance certainty for investors. The legislation also reinforced competition through the introduction of operational separation of Telstra. An effective pro-competitive regulatory framework is not only fundamental to ensuring consumers can enjoy the benefits of competition, but also encouraging next generation broadband services, another strong theme in 2005–06.

The Department gave considerable attention to the needs of consumers, including through the development of legislation for a Do Not Call Register and advising the Government on the continuation of revised price controls on Telstra. The Department improved access to telecommunications for the deaf, hearing impaired and speech impaired by mandating better service standards in the contract for the management of the National Relay Service.

The Department continued to provide strong program assistance, particularly for regional areas. Communities in Western Australia and the Northern Territory are benefitting from better access to telecommunications services under the Community Phones program. The Broadband Connect program continued the work of the Higher Bandwidth Incentive Scheme and supported the connection of more than 150 000 customers to broadband services across Australia. The Department also commenced an evaluation of the Broadband Connect program to determine whether an alternative approach focussed on a small number of significant projects would deliver the greatest benefit to consumers at this stage of the program roll-out.

During 2005–06, the Department promoted the interests of Australia's communications and ICT sectors through active involvement in a range of international negotiations and organisations. The Department was engaged in multilateral and bilateral trade negotiations, participated in the United Nations World Summit on the Information Society process, advanced telecommunications trade facilitation and liberalisation in Asia–Pacific Economic Cooperation (APEC), supported telecommunications and ICT regulatory and governance activities in the Asia–Pacific, and focussed international attention on spam and cyber security issues.

The Department directly supported the export activities of Australian ICT companies through facilitating trade missions, notably one to India led by the Minister for Communications, Information Technology and the Arts (see case study, page 99).

Significant progress was made in relation to conversion frameworks for digital television and radio, and on media ownership reforms.

The Department continued work on a series of statutory reviews into aspects of the digital television conversion framework, which culminated in the release of the Government's media policy discussion paper *Meeting the digital challenge: reforming Australia's media in the digital age* in March 2006. The discussion paper also included proposals to implement the Government's commitment to reform of the foreign and cross-media ownership regulatory frameworks.

The financial year 2005–06 was the first year of operation of the Australian Communications and Media Authority (ACMA), which replaced the former Australian Communications Authority and Australian Broadcasting Authority following passage of the necessary legislation in 2004–05. As part of the media reform considerations, the Government proposed to provide ACMA with a more flexible range of enforcement powers in relation to its broadcasting functions. Options were included in the media policy discussion paper.

In October 2005, the Government agreed to develop the necessary legislative and planning structures to implement digital radio. This was followed by a further announcement in 2006 on the next steps in the implementation process to allow services to commence in the six state capital cities by 1 January 2009.

The Department managed a consultancy conducted by KPMG which considered the adequacy of the ABC's funding and the efficiency of its use of that funding. The Government provided substantial new funding for the ABC following its consideration of the broadcaster's triennial funding submission and the KPMG review.

Case study

ICT industry trade delegation visits India

In October 2005, Senator Coonan led a high-level Australian ICT delegation to India. The 23 member delegation included representatives from leading software companies, research organisations, the Victorian and New South Wales governments and industry associations. The delegation met with government and business representatives in New Delhi, Mumbai and Bangalore to explore business, trade and investment opportunities between Australia and India.

A major highlight of the visit was the signing of a Memorandum of Understanding (MOU) covering business development, e-government, e-learning, ICT security and software development. The MOU runs to October 2009 and extends the relationship established between Australia and India under an earlier one signed in 2000. A joint working group was established to implement the MOU and two round table industry meetings were held during the visit.

The delegation also visited some of India's leading ICT companies—Tata Consultancy Services, Infosys, Satyam Computer Services, HCL Technologies and NIIT, as well as ANZ IT, an Australian company located in India.

In Bangalore, Senator Coonan delivered an opening address to BangaloreIT, India's largest information technology trade fair, at which Australian exhibitors promoted their technology capacity and the benefits of investing and working in Australia.

During the visit, a bilateral agreement was signed between CSIRO and India's second largest ICT company, Infosys. The agreement covers cooperation in research and development in information engineering and commercialisation of CSIRO's intellectual property.

In Mumbai, Senator Coonan launched Business Club Australia: Melbourne 2006 to promote Australia's economic interests. The Ministerial delegation also visited the film city complex known as Bollywood, to further explore opportunities for collaboration between the film industries.

The visit provided a good foundation for cooperation in the areas of ICT, film and sport between Australia and India.



Senator Coonan and Saurav Adhikari, Corporate Vice President, HCL Technologies (centred, seated) with members of the delegation and HCL technologies employees.

Competitively priced and reasonably accessible telecommunications services

Market developments

A significant development during 2005–06 was the expansion of 3G mobile services across major urban areas. Telstra, Optus and Vodafone joined Hutchison as providers of 3G services, supported by a greater range of mobile handsets. 3G services are now available to users in all mainland capital cities and a number of large regional centres. In November 2005, Telstra announced its intention to replace its CDMA network with a national 3G network over three years.

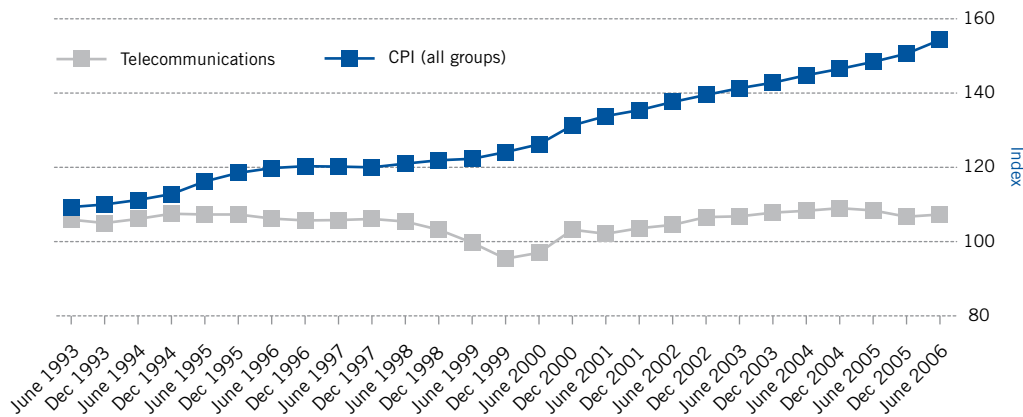
The growth in broadband take-up was accompanied by growing investment in second generation broadband infrastructure, particularly ADSL 2+ which makes use of unconditioned local loop services (ULLS) and wireless. High-profile operators

included iiNet, Internode, PBA, Unwired, BigAir and Austar. Interest in voice over Internet protocol (VOIP) services also increased, with a number of new providers entering the market and strong take-up in services.

Providers of fixed line telephone services introduced a range of new and competitively priced capped, bundled and subscription plans for residential consumers. The new plans, some of which include local calls at no additional charge and capped STD calls, were in part a response to an increasing trend of consumers choosing to give up their fixed line service and rely solely on a mobile phone service or to use cheaper VOIP calls on broadband.

Prices for telecommunications services fell by one per cent between June 2005 and June 2006 (see figure 2.26).

Figure 2.26 Comparison between overall Consumer Price Index movements and telecommunications price movements



Legislation and regulation

The Department was closely involved in a range of legislative and regulatory measures relating to the telecommunications sector during the year.

The Government introduced a comprehensive package of legislation related to the sale of its remaining shares in Telstra, enhancement of competition in the telecommunications market and improving access to services in regional Australia. This package of legislation was passed by the Parliament on 15 September 2005.

The *Telstra (Transition to Full Private Ownership) Act 2005* (passed in September 2005) provides authority for the full sale of the Government's shareholding in Telstra. The timing of the sale remains open and flexibility is retained for the Australian Government to develop detailed arrangements for the sale process, so as to provide an appropriate return. The Act also:

- reaffirms the Government's commitment to safeguarding consumers through the Universal Service Obligation, the Digital Data Service Obligation and the Customer Service Guarantee; and
- puts in place transitional arrangements relating to the accrued entitlements of Telstra's employees.

During 2005, the Department completed its evaluation of the telecommunications competition regime and made recommendations to the Government for legislative adjustments which promote a sustainable and competitive telecommunications market. In August 2005, Parliament amended Parts XIB and XIC of the *Trade Practices Act 1974* to strengthen the operation of the telecommunications competition regime, increase penalties for anti-competitive conduct and provide increased certainty for investment in major telecommunications infrastructure.

As part of the adjustments to the competition regime, the Government established a statutory framework for the operational separation of Telstra which will reinforce transparency and equivalence in the supply of wholesale services to other telecommunications companies. As well as developing relevant amendments to the *Telecommunications Act 1997*, the Department advised the Minister on two key Ministerial Determinations required to give effect to the operational separation framework. In June 2006, the Minister approved Telstra's Operational Separation Plan.

Regional

A strong emphasis was placed on regional telecommunications issues throughout the year.

As part of the Government's future proofing of regional telecommunications, the September 2005 amendments to the *Telecommunications (Consumer Protection and Service Standards) Act 1999* provide for a Regional Telecommunications Independent Review Committee (RTIRC). The RTIRC will conduct regular reviews into the adequacy of telecommunications services in regional, rural and remote Australia. The first review will commence before the end of 2008, and there will be no more than three and a half years between subsequent reviews. The RTIRC reviews were established so that regional Australia continues to benefit from advances in telecommunications technology and services.

Further amendments provided for the establishment of the Communications Fund, which provides an income stream to implement the Government's response to future RTIRC reports. Two billion dollars from the Fund was placed in a term deposit with the Reserve Bank of Australia in September 2005 and the Department,

in consultation with the Department of Finance and Administration and the Treasury, developed an investment strategy and arrangements for the longer-term management of the Fund.

A further future-proofing initiative developed and implemented by the Department was a licence condition on Telstra requiring it to maintain a local presence in regional, rural and remote Australia. Telstra's local presence plan for the period to June 2009, developed in accordance with this condition, was later approved by the Minister on 1 July 2006. Telstra must report annually on its progress in meeting the plan, which it must also revise and re-submit to the Minister for approval every three years.

The Department contributed to ACMA reporting of regional service availability, which will provide information for consideration by RTIRC. In December 2005, the Department briefed the Minister on ACMA's first report *Telecommunications services available in Australia 2004–05: A report on the availability of fixed voice, mobile and data services in regional Australia*.

The Department, in consultation with ACMA and Telstra, developed a package of payphone initiatives to improve Telstra's consultation processes on payphone removals, relocations and complaints mechanisms. The Minister announced this package on 8 June 2006.

The negotiated improvements to Telstra's payphone processes include:

- Telstra undertaking stricter consultation processes, identifying unprofitable payphones provided as part of its Universal Service Obligation in regional and rural areas, and inserting a plain English description of the payphone obligation into its Standard Marketing Plan (SMP) for payphones;
- Telstra making available, on request, to Federal and State members of Parliament the location of proposed local payphone installations, relocations and removals in their electorates; and
- strengthening ACMA's role in actively monitoring compliance with the SMP, and establishing a process for considering customer complaints, including outlining clear consultation procedures and developing a plain language account of how Telstra sites its payphones under its Universal Service Obligation.

Consumer protection

The Department continued to be very active in progressing consumer protection measures, particularly through supporting the self-regulatory framework embodied in industry codes of practice. The Department prepared amendments to the *Telecommunications (Consumer Protection and Service Standards) Act 1999* to enable code-making bodies to claim their code development costs from ACMA. The amendments were passed by Parliament in September 2005.

The Minister also wrote to mobile phone providers to encourage the finalisation and registration of the Credit Management Code to provide consumers with information and guidance on the credit management policies of telecommunications providers.

The Department advised the Government about the price control arrangements that should apply to Telstra's charges for basic retail services from 2006 to 2009, taking into consideration the ACCC's report of February 2005. The Department prepared the Ministerial Determinations to give effect to the Government's decision. The price controls require that an averaged basket of Telstra's line rentals, local, trunk and international calls will not rise. Telstra is also required to offer a basic retail line rental service at the same price nationally.

Following a process of public consultation, the Department developed a proposal for a Do Not Call Register to protect the public from unwanted telemarketing, and prepared legislative amendments to give effect to the scheme. The *Do Not Call Register Act 2006* and *Do Not Call Register (Consequential Amendments) Act 2006* were passed by Parliament in the winter 2006 sittings and received Royal Assent on 30 June 2006. The legislation provides for the national Do Not Call Register to be established and administered by the ACMA.

Submarine telecommunications protection zone

The *Telecommunications and Other Legislation Amendment (Protection of Submarine Cables and Other Measures) Act 2005* received Royal Assent on 23 August 2005. The Act provides increased protection for submarine telecommunications cables of national significance that link Australia to international networks and which carry the majority of Australia's voice and data traffic.

Voice over Internet protocol (VOIP) services

Following an election commitment by the Government to examine policy and regulation relating to next-generation network services, the Department's report *Examination of policy and regulation relating to Voice over Internet Protocol (VOIP) services* was released in November 2005. The Government accepted the report's recommendations which will facilitate the deployment of VOIP services, provide appropriate protection to consumers and pave the way for other next generation network services. The Department is working closely with the ACMA, the ACCC and the Australian Communications Industry Forum to implement the recommendations.

Online and Communications Council

The Online and Communications Council (formerly the Online Council) is a Commonwealth–state ministerial council operating under the umbrella of the Council of Australian Governments.

At the twelfth meeting of the then Online Council held on 24 August 2005, Council issued a joint media statement outlining areas of cooperation in key fields including broadband policy, the response to the Regional Telecommunications Inquiry, communications services for Indigenous communities, ICT capability, online access centres, collaborative government and the review of the council itself.

Council endorsed the recommendations of the Online Council Review 2005 and agreed to re-structure its membership to include the Australian Government Special Minister of State and state and territory ministers who have portfolio responsibility for e-government matters. Ministers agreed to a range of strategic priorities for the Council and determined that in future it would be known as the Online and Communications Council (OCC).

The Council is supported by three standing committees, the OCC Standing Committee, the Cross Jurisdictional Chief Information Officers Committee and the National Broadband Strategy Implementation Group.

The next meeting of the OCC is due to be held in September 2006. The OCC Standing Committee met in May 2006 to organise details of the meeting.

National Broadband Strategy Implementation Group

The implementation of the National Broadband Strategy, released in March 2004, is being overseen by the National Broadband Strategy Implementation Group (NBSIG).

The NBISG, a standing committee of the OCC, includes representation from all levels of government and is a focal point for coordinating government broadband activities. It is supported by three working groups, the Measurement Working Group, the Digital Content Working Group and the Next Generation Networks Working Group.

The NBSIG met four times in 2005–06 and was a key forum through which the Department consulted states, territories and local government on the design and planned implementation of Connect Australia programs and on taking forward a range of broadband policy issues.

The second *NBSIG Yearly Update* from the group, covering its activities and progress against the key performance indicators, was released in early 2006 and published on the Department's website at www.dcita.gov.au/ie/broadband/NBSIG. Section 4 of the Yearly Update, which measures and reports against the 11 key performance indicators of the National Broadband Strategy, was published as a stand-alone document.

Program initiatives

Connect Australia

The Department provided advice to Government and developed the \$1.1 billion Connect Australia package of initiatives which is focussed on improving telecommunications in regional, rural and remote Australia. The package comprises:

- Broadband Connect, which is focussed on improving broadband availability for people living in regional, rural and remote areas;
- Mobile Connect, which is directed to extending mobile phone coverage and access;
- Clever Networks, which supports applications and high-bandwidth networks that promote innovative use of broadband technologies; and

- Backing Indigenous Ability (BIA), which sets up vital telecommunications services and improved radio and television infrastructure for remote Indigenous communities.

Broadband Connect

Broadband Connect is an \$878 million program to improve regional Australian's access to broadband services over the next four years. It expands on the \$158 million Higher Bandwidth Incentive Scheme (HiBIS) to provide subsidies to Internet providers to connect homes, small businesses and not-for-profit organisations to fast, reliable and more affordable broadband services. Broadband Connect continued to provide significant support for broadband users in regional areas, building on the HiBIS scheme.

At the same time, it was becoming increasingly apparent that the incentive-based model might not be the most effective and efficient way to enable sustainable metro-comparable broadband access to remaining under-served areas and premises. The Department began to test the feasibility of achieving the Broadband Connect objectives through an alternative approach, focusing on a small number of projects delivering substantial coverage of under-served premises with high-quality wholesale broadband services. A request for expressions of interest was published in June 2006, seeking industry comment and possible programs that could be undertaken if the Government was to adopt this approach.

Mobile Connect

Mobile Connect is an extension of the Australian Government's previous terrestrial and satellite mobile phone initiatives. Under this program, terrestrial mobile phone coverage would be extended in smaller regional communities and along

highways where a case for strategic location or economic importance can be established, and where services will have ongoing commercial viability.

A discussion paper was published in November 2005, seeking comments to guide the development of the terrestrial element of Mobile Connect. Twenty-one submissions were received in response and work continued during the year on planning for the terrestrial element. Development of Mobile Connect is also being informed by responses to the Broadband Connect expressions of interest process, which sought proposals that include a mobile telephony element that could be supported under the program.

On 15 May 2006, the Minister announced the detail of a series of changes to the satellite component of the Mobile Connect Scheme to apply from 1 July 2006.

Key elements of the announcement were:

- extending the Scheme until June 2009;
- establishing a maximum subsidy level of \$1200 for the 2006–07 year;
- setting the level of subsidy based on the applicant's location rather than the chosen call plan, thereby making it easier for the customer and dealer to calculate the subsidy amount;
- extending eligibility to educational institutions; and
- providing scope for Indigenous corporations servicing a number of remote communities to receive more than two subsidies.

Clever Networks

The Clever Networks part of the Connect Australia package, which has funding of \$113 million over four years, will have two elements.

- The Innovative Services Delivery element will co-fund projects to support the delivery of improved and innovative

Government services such as interactive remote education or real-time medical diagnosis on high-bandwidth networks.

- The Broadband Development element will co-fund the engagement of project managers (for each state/territory) and project officers (for specific projects). The outcomes of the Broadband Development element will help improve skills and capabilities, enhance business practices and aggregate demand in under-served communities. Broadband project managers and broadband project officers will work with and for regional communities to enhance understanding, use of and access to broadband.

A discussion paper on the Connect Australia package was published on 17 November 2005 and nationwide consultation forums were held in late November and early December 2005. In January 2006, more than 100 submissions were received in response to the discussion paper.

On 11 May 2006, the Minister agreed to the proposed structure of the Clever Networks program and approved circulation of the draft program guidelines to Online and Communications Council officials. Program design issues were discussed at the four National Broadband Strategy Implementation Group meetings that have occurred since the August announcement and at the Online and Communications Council Officials meeting on 11 May 2006. The first funding allocation will become available from 1 July 2006.

Backing Indigenous Ability

Backing Indigenous Ability (BIA) is a \$90 million program over four years. BIA includes the development of a National Indigenous Television Service, restoration of ageing radio infrastructure in remote Indigenous communities and an Indigenous telecommunications program.

The telecommunications program aims to improve access to phones, Internet and videoconferencing in remote Indigenous communities and to improve the capacity of these communities to use telecommunications to achieve their goals. The program will include elements addressing training and the development of culturally appropriate online content.

Metro Broadband Connect

In March 2006, the Department released the program guidelines for the Metro Broadband Connect program, which signaled the commencement of the program. Metro Broadband Connect is a \$50 million, three-year program aimed at providing broadband services in areas in and adjacent to state and territory capital cities where there are impediments to broadband service delivery or where services are otherwise not available. The Department sought expressions of interest in the program from customers and service providers and considered applications for registration from interested service providers. The Department also promoted the program to consumers in relevant areas in June through press advertising and a targeted mail-out.

Community Phones

The Department implemented the Community Phones Program, which up to 30 June 2006 has provided 187 community phones to remote communities in the Northern Territory and Western Australia. A number of communities in Western Australia are also benefiting from mobile phone access as a result of this initiative. The scheme also facilitates the introduction of new pre-paid products to address ongoing access and credit management issues that have acted as a barrier for Indigenous communities.

National Relay Service

The Department continued to promote improved access to telecommunications for the deaf, hearing impaired and speech impaired through its management of the National Relay Service (NRS). The Department conducted a competitive tender process for the provision of the NRS during the year, following an evaluation which determined that there should be separate contracts for the call centre function and the outreach service, which provides training and information to target users. The Department also introduced improved service standards for the NRS and an Internet Relay service will be added to the suite of services available to users during 2007.

International

The Department conducted a telecommunications policy dialogue with key Chinese Government agencies in Beijing during May 2006, with representatives of the ACMA, the ACCC, the Department of Foreign Affairs and Trade, Telstra and Macquarie Telecom. The dialogue comprised a series of meetings with high-level Chinese officials, providing an opportunity for discussion of a range of policy and regulatory issues and for the Australian delegation to advocate further liberalisation of China's telecommunications sector.

The Department participated in a successful Regulatory Skills Training Project, which was funded jointly by APEC and AusAID and targeted to the needs of new regulators in developing economies. In all, five workshops were held in Indonesia, Thailand, Vietnam, Malaysia and the Philippines.

In its participation in the activities of the International Telecommunication Union (ITU), the Australian Government has helped shape and develop the ITU's

future priorities. Australia's focus has been to support uniform international telecommunication standards and encourage other countries to adopt open and modern policy frameworks and regulatory arrangements.

The ITU's World Telecommunication Development Conference in March 2006 set the development agenda for the ITU, a key element of the UN System's growing interest in ICT issues. The Department led the Australian delegation which played an important role both regionally, by assisting in shaping the Asia-Pacific agenda, and internationally, by negotiating priority attention to spam and cyber security issues.

A delegation led by the Department and including the Department of Foreign Affairs and Trade, participated in negotiations on Internet governance issues in the lead up to the second United Nations World Summit on the Information Society held in Tunisia in November 2005. The summit resolved that Internet Corporation for Domain Names and Numbering (ICANN) will continue to host and manage technical Internet addressing issues. ICANN will undertake to enhance its cooperation with the Internet community, including through the United Nations.

The Department actively engages in communications capacity-building initiatives in the Pacific through a variety of multilateral forums.

Reflecting wider Government priorities in the Pacific region, the Department has been engaged in telecommunications and ICT issues in the Pacific to provide support in areas including regulatory reform, e-commerce, standards for mobile roaming, legislation to combat spam, and a number of training and capacity-building projects.

Competitively priced and reasonably accessible postal services

The postal services market remained sound during 2005–06. Australia Post continued to be an innovative and well-performing business with significant growth in its parcels and logistics services.

At the same time, Australia Post continued to address the challenges facing its letters business. Electronic substitution and changing business practices have affected letter volumes, while the reserved services segment of the market—broadly, the carriage of letters within Australia weighing less than 250 grams and for less than four times the standard letter rate and the issue of postage stamps—is making a declining contribution to profits.

The Government's aim is for a postal service that responds to competitive forces while complying with obligations that benefit consumers. With the exception of reserved services to Australia Post, the postal services market is open to full competition.

Australia Post is required to provide a letter service that is reasonably accessible to all Australians, and a standard letter service at a single rate throughout Australia. Consistent with the Government's social and economic objectives, Australia Post is required to meet minimum performance standards relating to the frequency, speed and accuracy of mail delivery, the number of street posting boxes, and the number and broad distribution of its postal outlets.

The Department provided advice on a range of postal policy and regulatory issues. *The Postal Industry Ombudsman Act 2006*, passed by parliament on 29 March 2006, establishes a dedicated and independent entity, the Postal Industry

Ombudsman, within the office of the Commonwealth Ombudsman. The Postal Industry Ombudsman will investigate consumer complaints about the delivery of postal services by Australia Post and any private postal operator that voluntarily registers with the scheme.

Given Australia Post’s status as a government business enterprise, the Department continued to oversee Australia Post jointly with the Department of Finance and Administration. The Department also participated in the activities of the Universal Postal Union, a United Nations agency that is progressing the 2004 Bucharest World Postal Strategy. The strategy aims to increase the effectiveness and quality of international postal services.

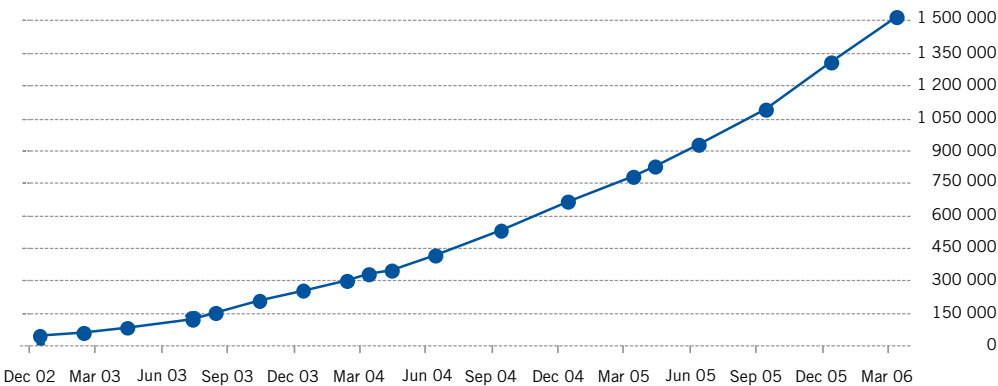
Accessible and high-quality broadcasting services

Australia’s television and radio broadcasting sectors broadcast a range of high-quality programs. More than 90 per cent of households have access to local free-to-air television services through terrestrial transmissions. The rest of the population has access by satellite.

The rollout of free-to-air digital television services has continued throughout the year. More than 85 per cent of the Australian population had access to the local free-to-air digital terrestrial television services provided by all broadcasters in their licence area during 2005–06. More than 96 per cent of population had access to the digital transmissions of at least the ABC by the end of 2005.

According to industry estimates, more than 1.5 million digital television receivers had been supplied to retailers and installers by the end of March 2006. The growth in the number of digital television receivers is shown at figure 2.27.

Figure 2.27 Number of digital receivers in the market



Source: Digital Broadcasting Australia.

On 14 March 2006, a discussion paper on media reform options, *Meeting the digital challenge reforming Australia's media in the digital age*, was released for public comment. More than 200 submissions were received.

The paper included proposals to develop and put in place a digital action plan with a strong focus on driving take-up of and conversion to digital services. Other elements of the paper related to the Government's longstanding commitment to media ownership reform, the digital television framework, reforms to ACMA's powers and proposals to allocate spare broadcasting spectrum for new services.

Digital television

The Department undertook a series of statutory reviews into aspects of the digital television conversion framework during 2005. The reviews covered:

- the restrictions on additional programming provided by free-to-air broadcasters, including multi-

channelling and whether the prohibition on free-to-air broadcasters offering other types of services, such as pay TV channels, should be modified;

- matters relating to the end of the moratorium on the issue of new commercial television broadcasting licences, which concludes on 31 December 2006;
- the efficient allocation of spectrum for digital television;
- legislative provisions relating to under-served markets; and
- high-definition digital TV requirements.

The reports of these reviews were tabled in Parliament in March 2006. The reviews fed into the formulation of the Minister's media reform discussion paper. The discussion paper proposed a range of changes to the digital television framework, and the development of a digital action plan to drive the take-up of digital television and assist the transition from analogue to digital services.



The Digital TV Section.
(L–R): Stephanie Jolley,
Simon Curtis, Joshua
Davies, Trish Barnes,
David Jordan.

A statutory review of the duration of the analogue/digital simulcast period was also undertaken, commencing in September 2005. The report has yet to be finalised.

The *Broadcasting Legislation Amendment Bill (No.1) 2005* was introduced into Parliament on 23 June 2005. The Bill amends the *Broadcasting Services Act 1992* and the *Radiocommunications Act 1992* to provide a framework for the conversion of commercial television broadcasting services in remote Western Australia (designated as all areas outside Perth) from analogue to digital.

Australia's three major pay television networks are in the process of converting to digital form. The provision of digital subscription television services has increased the choice of channels available to subscribers, as well as enabled the introduction of new interactive services. The pay television networks have announced that they will become digital-only in 2007.

Anti-siphoning

A revised list of events subject to the anti-siphoning regime came into effect on 1 January 2006.

On 21 September 2005, the Minister directed ACMA to monitor the free-to-air coverage of events on the list. ACMA will monitor free-to-air coverage of events on the anti-siphoning list from 1 January 2006 until 31 December 2010, when the current list is due to expire. Information from ACMA's monitoring will be considered in the context of the 'use it or lose it' approach to anti-siphoning announced by the Government, and intended to commence from 1 January 2007.

Broadcasting regulatory powers of the Australian Communications and Media Authority

On 8 November 2005, the Minister released a discussion paper on possible reforms to ACMA's broadcasting regulatory powers, which proposed a number of reforms to the *Broadcasting Services Act 1992* relating to powers to seek civil penalties, accept enforceable undertakings, issue infringement notices and seek injunctions.

Online content regulation

The report of the *Department's Review of the regulation of content delivered over convergent devices* was released in June 2006. It was part of an announcement by the Government that it intended to put new safeguards in place to protect consumers from inappropriate or harmful material on emerging content services such as 3G mobile phones and subscription-based Internet portals.

Legislative measures to provide safeguards comparable to those in place for content delivered over the Internet or television are expected to be enacted in 2006–07.

Policy framework to guide the introduction of digital radio

Analogue radio services are available throughout Australia, with terrestrial transmissions supplemented by satellite coverage for remote areas. There are 261 licensed commercial radio services operating AM and FM services, and 361 permanent community radio services.

A policy framework to guide the introduction of digital radio in Australia, representing the culmination of an extensive process of research, industry consultation and policy formulation, was announced by the Minister on 14 October 2005. The Department is preparing legislation to implement that

framework in order to provide for services to commence in the six capital cities on 1 January 2009.

Subscription television drama

The subscription television drama expenditure scheme requires that subscription television broadcasting licensees spend at least 10 per cent of total program expenditure on new Australian (and New Zealand) drama programs in each financial year. This requirement reflects the role of drama in shaping a sense of Australian identity, character and cultural diversity, and underpins a range of drama projects for cinema, subscription and free-to-air television release.

Following a report to the Minister in early 2005 on the Department's review of Australian and New Zealand content on subscription television broadcasting services, the *Broadcasting Services Amendment (Subscription Television Drama and Community Broadcasting Licences) Act 2006* amended the *Broadcasting Services Act 1992* to increase flexibility in the operation of the 10 per cent requirement for new spending on drama on subscription television. The bill also provided increased flexibility for ACMA in relation to the re-allocation of community broadcasting licences in certain circumstances.

National broadcasters

In conjunction with the ABC, the Department facilitated the conduct of the ABC Funding Adequacy and Efficiency Review by consultants KPMG Australia and subsequently provided advice on the implications of the review and the ABC's triennial funding submission for consideration in the context of the 2006–07 Budget.

The Department also undertook a lapsing program review of Special Broadcasting Service (SBS) funding to inform consideration of SBS triennial funding in the 2006–07 Budget context.

The Department facilitated the expansion of digital television services by the national broadcasters by processing digital implementation plans associated with the rollout of 204 ABC services and 178 SBS services.

The Department also provided advice on proposed new digital television transmission and distribution contracts for SBS.

Program initiatives

The Department administers a number of programs designed to improve access to broadcasting services.

The Government's Regional Equalisation Plan assists digital television rollout in regional and remote areas by funding 50 per cent of both the capital cost and eight years operating costs of digital conversion by regional and remote commercial broadcasters. Funding is primarily provided through rebates of licence fees and grants to smaller broadcasters.

Funding was provided under the Television Black Spots—Alternative Technical Solutions program to improve television reception in areas of poor analogue television reception. A significant achievement under the program was the commencement of digital television services at Springbrook and Port Stephens (see case study, page 112), significantly improving television services in these areas.

A vibrant Indigenous broadcasting sector provides radio services in metropolitan, regional and remote areas, and an Indigenous community TV service

Case study

Digital TV gets good reception in Port Stephens

For many years, the hilly terrain of the Port Stephens region caused significant reception problems for residents attempting to watch analogue television services.

Initially, the Port Stephens Council sought funding under the Television Black Spots program to establish a local analogue television facility to serve the communities of Corlette, Fingal Bay, Lemon Tree Passage, Nelson Bay, Salamander Bay, Shoal Bay and Soldiers Point. However, due to high spectrum demand, an analogue solution was not viable, so a digital broadcasting solution for the Port Stephens region was pursued.

The digital broadcasting solution for the Port Stephens area was funded through the Alternative Technical Solutions program. A local broadcaster, NBN Limited (NBN), managed the installation of the digital transmission equipment on Gan Gan Hill in Nelson Bay. The equipment receives digital television signals from Newcastle and retransmits them to the Port Stephens region.

Before testing the new facility, information was provided to some 10 000 households in the area, a freecall hotline for interference issues was established, website information and on-air messages were provided.

Initial testing of the facility took place in December 2005, identifying interference from the Illawarra television services, some 200 kilometres away. To overcome this problem, NBN redesigned the antenna so it could differentiate between the conflicting signals. The improved antenna was successfully tested in April 2006, and the facility began full time transmission on 22 May 2006.

The Gan Gan Hill facility now provides digital services from the Australian Broadcasting Commission (ABC), Special Broadcasting Service (SBS), Prime Television, Southern Cross Ten and NBN. It also provides the national broadcasters' multi-channels (ABC2 and SBS's World and Essential) two ABC digital radio services (DIG Radio and DIG Jazz) and two SBS radio services.



Transmission equipment on Gan Gan Hill.

While the primary focus of the project was to improve television reception for householders in the Port Stephens black spot area, digital terrestrial television has also provided other benefits. Digital television is provided in standard and high definition format and delivers better quality pictures free from the effects of signal noise, interference and ghosting often experienced with analogue. Digital television also offers other enhancements such as extra channels and electronic (on-screen) program guides.

Strong demand for digital television receivers has been reported from householders in the Port Stephens area following the introduction of digital television services from Gan Gan Hill.

delivered via satellite. Twenty-four capital city and regional radio broadcasters were operating in 2005–06. At least 80 communities were receiving remote Indigenous broadcasting services provided under community broadcasting licences and many more remote communities received other broadcasting services.

The Department has been working with the Indigenous community to implement the Indigenous Television (ITV) Service which will receive \$48.5 million over four years, commencing 2006–07, under the Backing Indigenous Ability component of the Connect Australia initiative.

The Government decided that the most appropriate model to pursue was to build on the Indigenous community television narrowcast service currently transmitted by Imparja Television (Australia's only Indigenous-controlled commercial television licensee).

The Department has been working with and supporting a sub-committee of the Australian Indigenous Communication Association—the National Indigenous Television Committee—to develop the proposal.

Ninety-nine grants were supported under the Indigenous Broadcasting Program which provides grants to Indigenous broadcasting services, media organisations, communities and Imparja Television.

The Government provided \$7.5 million to the Community Broadcasting Foundation to support this important part of the broadcasting sector. The Department conducted a review of targeted funding for the sector which supports ethnic community broadcasting, information technology initiatives and satellite services. The Government agreed to renew this commitment to the community broadcasting sector in the 2006–07 Budget.

The Protecting Australian Families Online package, announced on 21 June 2006 and to be established in 2006–07, includes a range of measures to protect Australian families from inappropriate and offensive material on the Internet (see case study, page 114).

The \$116.5 million package includes:

- a national filters scheme, which will provide free PC based content filters or a free filtered service to Australian families and libraries to provide at least one 'child safe' Internet terminal; and
- \$5 million over three years from 2006–07 to the Internet advisory body, NetAlert, to restructure and strengthen the organisation, co-locate with ACMA in Melbourne, continue its free 1800 advisory number service and provide greater Internet safety information.

ACMA, in co-operation with NetAlert, is to commence a further trial of ISP-level filtering in Tasmania by June 2007. It will also monitor and report on Internet filtering technologies and options to protect Australian families online.

Development of an innovative, internationally competitive information and communications technology sector

The Australian information and communications technology (ICT) sector is a substantial industry with nearly \$80 billion in annual revenue from nearly 24 000 firms¹. It promotes innovation across the economy and is a major contributor to national productivity growth.

A sustainable and internationally competitive capability in ICT will help achieve outcomes in areas such as the environment, water management, health, education and national security.

¹ Australian Bureau of Statistics 2002–03 figures.

Case study

Protecting Australian Families in the Online Environment

The Government is committed to ensuring that Australian families are protected from exposure to offensive content in the online environment. While there are many positive benefits to advancements of technology, the evolution of devices such as mobile phones or mobile TV raises community concerns about access to content which may be offensive or illegal.

Existing content regulation in Australia is specific to the platform over which it is delivered (for example, television, the Internet or telephones). New digital technologies do not respect the traditional boundaries between these different services. For example, many 3G phones enable consumers to watch TV and movies, play games and check their emails all with a single hand-held device. Existing regulatory frameworks, designed for quite distinct analogue services, do not easily fit these new services, and there is a risk that valued community protections may be weakened.

In response to these concerns, the Department undertook a review of the regulation of content delivered to new types of communications devices. The Review found that there was a need for specific safeguards for users of these services.

On 14 June 2006, the Minister announced that new safeguards would be put in place to protect consumers from inappropriate or harmful material which could be delivered to computers and other mobile devices through new types of content services. The current safeguards that apply to content delivered over the Internet or television will be extended to content delivered over new types of services or devices including prohibition of content rated X18+ and measures to access to children to content suited only to adults.

The new safeguards are part of a wider framework aimed at ensuring that Australian families have the information and tools to stay safe online. Another key measure is the \$116.5 million Protecting Australian Families Online package announced on 21 June 2006 which includes a National Filter Scheme to provide every Australian family with a free Internet filter or a filtered service on their home computer.



Photo by Arthur Mostead.

Exports in the sector totalled \$4.3 billion in 2004–05, evenly split between goods and services. There are at least 353 000 ICT professionals, 40 per cent of whom are employed in companies whose main business is not ICT.

According to analysis conducted for the Department by Sensis in 2006, about 83 per cent of the small and medium enterprises producing ICT are not in the traditional ICT industry.

The Department supports the development of the ICT sector through a range of activities. These involve ongoing policy development, administering ICT programs including those established as part of the Government's Backing Australia's Ability science and innovation package, and developing and implementing measures to support small and medium enterprises in the sector.

The ICT Advisory Board provided an independent source of strategic advice to the Minister on issues likely to affect the sector's development. During the year the board surveyed domestic and international experience with priority setting. It also examined the range of policies across government which impact on ICT development, with a view to establishing priority issues for government attention.

Information and communication technologies are constantly evolving. The continuous process of technology migration and the emergence of new solutions require frequent renewal of technical skills. As part of the process of understanding the ICT skills capability needed for the ongoing development of the ICT industry and the broader economy, the Department established a joint government/industry/education ICT Skills Foresighting Working Group in February 2005.

The working group's report *Building Australian ICT skills* was released by the Minister on 21 June 2006.

The working group reviewed trends and future developments in Australia's ICT sector and their implications for ICT skills development. This included a review to forecast future ICT skills demand, the fit between industry skill needs and existing training and possible options for better meeting the future skill needs of industry.

The key findings and recommendations of the report focus on three main areas, improved ICT skills research and access to information, re-focussed promotion of ICT careers, and increased and more effective industry leadership and coordination.

The Department will continue to work with industry and the education sector on the report's recommendations.

To raise awareness of the importance of ICT skills issues to the economy, the Minister convened the 'partICipaTion Summit' on 22 September 2005 (see case study, page 116). The summit brought together for the first time about 80 Australian leaders from industry, education and government bodies with an interest in the area to identify creative, yet practical, ways to address barriers to participation in the ICT sector.

A key theme of the summit was that Australia's future ICT capability will be determined by the availability of an adequate pool of skilled ICT professionals. There is, therefore, a particular need to attract 'Generation Y' (people born between 1978 and 1994) to the profession, as well as to encourage professionals, particularly women, to return to ICT.

A number of approaches were examined, including the need for a more accurate and contemporary portrayal of the ICT

Case study

PartiCipaTion in information and communication technology

Information and communication technology (ICT) is increasingly important to all aspects of the Australian economy, yet young Australians are not choosing to study or work in ICT. A growing shortage of highly skilled ICT professionals could mean that Australia will not be able to continue to enjoy the productivity benefits from the application of ICT, or the creative potential of ICT.

Young women, in particular, do not see ICT as a defined career path, with less than 20 per cent of employees in the ICT industry being female.

To help address this issue, the Minister for Communications, Information Technology and the Arts convened the partiCipaTion Summit. The Summit, held in Sydney on 22 September 2005, brought together ICT leaders from industry, academia, education institutions, and government. It was the first time a national summit has been held on the issue.

The Summit considered a number of themes, including how to attract 'Generation Y' (those born between 1978 and 1994) into the ICT profession and the need to replace the outdated 'geek' image of ICT with one that reflects the diverse and exciting career opportunities available. A number of the other key factors were also considered, including education and curriculum issues, as well as work environment issues that contribute to people, particularly women, leaving the profession.

During her address, Senator Coonan emphasised that ICT is increasingly important to Australia's economic prosperity and that motivating women and Generation Y to participate in the ICT profession is important to maintaining this prosperity.

Two keynote presenters added to the Summit's framing remarks. Frances Cairncross, Senior Editor at The Economist and international commentator on the impacts of communication technology, and Peter Sheahan, an expert on attracting and retaining Generation Y to businesses, prompted strong discussion through the day.

The Summit, chaired by Maxine McKew, generated a number of approaches on how to address this issue. Considered important were a more strategic national approach to take the issues forward, a national marketing campaign aimed at Generation Y and their 'influencers', improving ICT education and careers advice, and a focus on the ICT work environment.



Pictured during the partiCipaTion Summit are (L–R): Maxine McKew (MC), Francis Cairncross (international keynote speaker), Senator Helen Coonan, and Peter Sheahan (Australian keynote speaker).

profession and career opportunities, for fostering a more attractive ICT work environment and for a greater focus on curriculum design and careers advice on ICT.

The Department also continued initiatives directed at building competitiveness in small and medium enterprises by:

- helping to enhance market access for local ICT small and medium enterprises to key domestic and international markets:
 - in October 2005, the Minister led a delegation of 23 Australian business and research leaders in the ICT sector to India, visiting New Delhi, Mumbai and Bangalore. During the visit a memorandum of understanding on cooperation in ICT between Australia and India over the next four years was signed; and
 - in late April and early May 2006, the Minister met major ICT companies in Silicon Valley and Austin, Texas, in the United States of America, and addressed the World Congress on Information Technology, one of the premiere events for the global ICT industry;
- publishing *Australian Government support for the ICT sector* (July 2005) which provides information about a range of Australian Government programs to assist ICT companies to create, innovate, grow and compete globally;
- publishing *Buying ICT for your agency—a guide for Australian government officials* (September 2005) on procurement policies and practices for ICT goods and services;
- publishing the industry development progress report for 2004–05 on the IT outsourcing cluster contracts tendered between 1997 and 2000 (April 2006);
- tabling the *Telecommunications carrier industry development plans—final report July 2004 to September 2005* in the Australian Parliament (March 2006);
- releasing for public consultation a draft guide *Limiting supplier liability in ICT contracts for Australian government agencies* (November 2005). The guide will provide practical assistance to procurement officers in applying a new policy, which is currently being finalised, to cap liability in government ICT contracts;
- supporting, for the fourth consecutive year, the Secrets of ICT Innovation competition, where Australia's leading innovative companies have the opportunity to promote their innovations to domestic and overseas markets; and
- publishing a major analysis, commissioned by the Department, of the Australian software industry *The Australian software industry and vertical applications markets—globally competitive, domestically undervalued*.

Production of copyright content encouraged, and reasonable access to research and cultural materials promoted

The Attorney-General had responsibility for copyright policy during the reporting period with the exception of legal deposit for which responsibility was shared between the Minister for Justice and Customs and the Minister for the Arts and Sport. The Department's role was primarily to contribute to various government processes, reflecting advice on issues that had a high priority for the portfolio.

From 1–5 May 2006, the Department attended a meeting in Geneva on the World Intellectual Property Organisation's draft broadcasters treaty. The main issue for the portfolio was the conditions of international application of copyright protection to broadcasts.

The Department provided input to the Government's consideration of the issue of resale royalty. On 9 May 2006, the Attorney-General and the Minister for the Arts and Sport jointly announced that they would not support a resale royalty right as it would not provide a meaningful source of income for the majority of Australian artists.

In addition, the Department provided input to the Fair Use and the Digital Agenda review. On 14 May 2006, the Government announced copyright reforms resulting from the review. The reforms included private copying exceptions (for format-shifting and time-shifting) and a new flexible, extended dealing exception with certain conditions. This will benefit libraries and archives, educational institutions and people with disabilities, and will also allow uses for parody and satire.

Transformation of the Australian economy into an information economy leading to enhanced efficiency and productivity

The information economy embodies the transformation of economic and social activities through the application of information and communications technology. An information economy is one where information, knowledge and education are major inputs to business, social and community activities.

The Department is playing a role in this transformation by:

- demonstrating the productivity benefits of ICT throughout the economy and improving the understanding of those benefits;
- encouraging the business use of information and communications technology, particularly e-business;
- addressing impediments to the take-up of information and communications technology, including particularly matters related to the secure use of systems;
- monitoring and evaluating the impact of information and communications technology on economic performance at both the firm and aggregate level; and
- examining the social and community uses and impacts of information and communications technology.

During the year, the Department continued its work on assessing the impact that ICT has on productivity growth. It is increasingly apparent that traditional measures of productivity continue to underestimate the importance of the ICT sector to our economic wellbeing, as well as its impact on productivity growth.

The Information Technology Online (ITOL) program encourages the adoption of e-business solutions with a particular focus on small and medium enterprises. A number of significant, innovative collaborative e-business projects were supported through this program. Since ITOL's inception, the Australian Government has allocated more than \$15.4 million to 131 innovative projects across a wide range of industry sectors.

The development of national and international e-business standards remains important because of the potential to strengthen business efficiency through greater interoperability across supply

chains. Further progress was made on this issue during the year in collaboration with Standards Australia and e-business practitioners.

Ongoing monitoring and analysis work on the information economy which was conducted during the year included the production of the *Current state of play*, *Information economy index* and *Pocket statistics* publications.

e-Security

The information economy has expanded rapidly, driven primarily by the accelerating growth in the scale, ubiquity and complexity of the Internet. At the same time, online threats continue to grow in complexity and sophistication and represent genuine risks for business productivity.

The Department, in conjunction with the Attorney-General's Department, the Defence Signals Directorate and the Australian Government Information Management Office, is undertaking a review of the E-Security National Agenda. The Minister, together with the Attorney-General, the Minister for Defence and the Special Minister for State, publicly announced the review on 30 March 2006 and called for public submissions.

The e-Security National Agenda was first announced in 2001 and addresses the integrity and security of the online environment for both the public and private sectors. The review is being undertaken to ensure that Australia's policy and operational framework continues to be responsive to the changing e-security environment now and into the future.

The key areas that the review addresses include current threats and vulnerabilities, collaboration between industry and government, awareness-raising particularly for home users and small to medium sized

enterprises, and Australia's e-security research and development capabilities and requirements.

The Department will continue its focus on building trust and confidence in the online environment by raising awareness of e-security issues for home users and small businesses.

Online threats continue to grow in complexity and sophistication. Many small and medium enterprises lack the sophisticated information technology needed to deal with security issues and threats such as a denial of service attack, viruses, hacking or theft of confidential or business information. *Internet security essentials for small business*, an online security guide for small businesses which was first made available by the Department in August 2004, remains a useful tool for small business on developing and implementing appropriate responses to their threat environment.

Departmental officials chaired the e-Security Task Group of the APEC Telecommunications Working Group and served as vice-chair of the OECD Working Party on Information Security and Privacy. In May 2006, a Departmental official was elected chair of this working party.

The Department is also represented on the International Steering Committee of the International Organisation for Knowledge Economy and Enterprise Development's global trust centre project. Support was provided to the steering committee for a feasibility study into the market for authentication in international digital transactions.

With the rapid growth in online transactions, it is vital that consumers and businesses maintain trust in the security of online information and services. During the year, the Department continued to refine online trust indicators that can be added to existing public and

private surveys on Internet use, as well as monitoring and analysing online activity, particularly transaction-based activities by Australians.

Critical infrastructure protection

The Department has continued to work closely with the critical infrastructure sector to raise awareness about security aspects of critical infrastructure protection and has facilitated networking and information sharing between owners and operators of critical infrastructure. This has included providing advice within the Trusted Information Sharing Network (TISN) sector groups (including energy, water, transport and communications) with an interest in supervisory control and data acquisition (SCADA) issues (see case study, page 121). The Department also contributed to the development of a business information kit for owners and operators of critical infrastructure.

The IT Security Expert Advisory Group, chaired by the Department, completed projects on a number of key e-security issues including:

- the supervisory control and data acquisition (SCADA) risk management framework;
- a distributed/denial of service study;
- a review of IT security governance issues; and
- updating the wireless security report and associated information for chief executive officers and chief information officers.

The Department also provides secretariat support for the Communications Sector Infrastructure Advisory Group which:

- developed a generic risk management framework for the sector;
- tested the framework in a cross-sector scenario-based desktop exercise; and

- developed a risk management framework addressing risks arising from all hazards in the telecommunications, postal and broadcasting sectors.

The Department has continued to work closely with other relevant agencies, particularly the Attorney-General's Department, to examine the risks and issues involved such as those associated with the global positioning system, infrastructure information in the public domain and whole-of-government avian pandemic flu planning.

e-Business

The Department continued to provide support for small to medium sized entities in their consideration and adoption of e-business and the transformational benefits it can provide. It also provided practical assistance in dealing with the unfamiliar issues it can raise, such as online security issues.

Spam—international activities

The Department has continued to encourage other countries to establish and actively enforce spam laws. In April 2006, the Department co-chaired a spam symposium during a meeting of the Asia-Pacific Economic Cooperation (APEC) Telecommunications and Information Working Group. The symposium brought together APEC, the Asia-Pacific Telecommunity, the International Telecommunication Union and the Organisation for Economic Co-operation and Development (OECD).

The Department has continued to be a significant contributor to the OECD's Spam Task Force including development of the task force's 'anti-spam toolkit' and chairing the task force.

Case study

Protecting Australia's critical infrastructure

In May 2006, the Department worked with the communications sector to test the sector's resilience in the event of an emergency. The *Exercise Eclipse* scenario led to an extended loss of mains electrical power to Sydney's central business district followed by an unrelated power failure in Melbourne.



While the sector has significant risk management strategies in place, *Exercise Eclipse* was designed to help refine these strategies. The exercise took place in Sydney and was attended by more than 50 representatives—owners and operators of critical infrastructure, including representatives from the telecommunications, broadcasting, international submarine cables and postal industries. Representatives from the banking and finance, energy, and transport sectors and from state and territory governments also attended.

Exercise Eclipse highlighted the reliance of the communications sector on the provision of back-up liquid fuels in the event of a prolonged disruption to mains power. It also emphasised the dependencies of the broadcasting and the banking and finance sectors on telecommunications providers.

Exercise Eclipse was conducted under the auspices of the Trusted Information Sharing Network. The Australian Government established this Network in 2003 to facilitate discussion and information sharing between industry and government on issues affecting the protection of Australia's critical infrastructure. In Australia, approximately 90 per cent of critical infrastructure is owned and operated by private enterprise.

The Department provides the secretariat for the Communications Sector Infrastructure Assurance Advisory Group, one of the nine sector specific groups established under the Network.

Exercise Eclipse, the first of its type within the Trusted Information Sharing Network, is a good example of how government and industry can work together to improve the robustness and protection of Australia's critical infrastructure and the delivery of essential services for its citizens.

More information on the network is available at www.tisn.gov.au

Teleworking

In accordance with a 2004 election commitment by the Government, a teleworking taskforce, the Australian Telework Advisory Committee (ATAC), was established consisting of Government agencies and industry and small business representatives. The taskforce advised on the development of telework for employees and businesses and options for action.

The committee held four meetings and the committee's secretariat conducted nationwide public consultations, conducted stakeholder interviews and considered feedback from a public submissions process conducted from April to May 2005.

ATAC delivered a final report to the Australian Government in February 2006. It included an analysis of the drivers of and impediments to the uptake of telework, set out six recommendations and commented on the potential role of Government.

e-Strategy guide for non-profit organisations

The Australian Government launched the e-Strategy Guide website in May 2006. The website is designed to help non-profit organisations make better use of the Internet and other information communications technologies (ICT) to improve their work practices.

The e-Strategy Guide consists of 13 sections providing information on getting and staying online and assists non-profit organisations to make more informed choices concerning online technologies and tools for communicating with members.

The guide details best practice on how to use ICT to communicate with the community and to raise funds online, and how to create and maintain their own websites. The guide can be found at www.e-strategyguide.gov.au

National Non-profit ICT Coalition (NNIC)

The Department engaged a consultancy consortium involving Community Information Strategies Australia (CISA), Monash University's Centre for Community Networking Research (CCNR), the Non-profit Roundtable (represented by ACOSS), WorkVentures Australia, Albany Consulting and Energetica to deliver a potential model and business plan for building a National Non-profit ICT Coalition (NNIC).

The NNIC's role could include raising awareness and understanding of the strategic benefits of ICT, especially with chief executive officers, and improving the effective use of ICT by non-profit organisations and the sector.

The consortium is due to provide a final report to the Government in October 2006.

Outcome 3

Administered items

Connect Australia— Broadband Connect

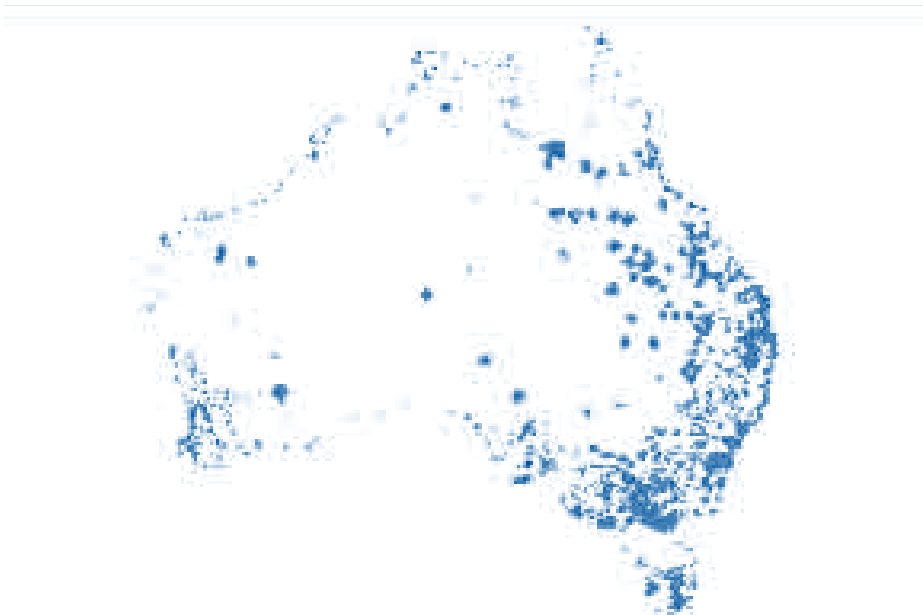
Increased broadband take-up in rural and remote areas

The Broadband Connect program builds on the success of the Higher Bandwidth Incentive Scheme in encouraging the provision of metro-comparable broadband access across regional Australia. Under the scheme, an incentive is paid to Internet service providers registered with the scheme for each eligible customer supplied with a Broadband Connect-compliant broadband service.

Terrestrial broadband coverage in Australia is illustrated in figure 2.28 (satellite broadband access is ubiquitous across regional Australia). As at 30 June 2006, the program had supported the connection of 156 214 eligible customers to broadband services Australia-wide, with continued growth in customer numbers. At the same date, there were 46 retail service providers registered with Broadband Connect, plus four ‘wholesale only’ providers supplying broadband to regional Australia. Under the Broadband Connect and Higher Bandwidth Incentive Scheme, the Department provided subsidies of \$221.8 million to registered Internet service providers in 2005–06.

Because the scheme is designed to be technology neutral, registered providers are able to use a variety of technologies. As at 30 June 2006, 70.4 per cent of Broadband Connect customers were connected by ADSL, 17.5 per cent used satellite (13.4 per cent using two-way satellite and 4.1 per cent using one-way satellite), 11.3 per cent used wireless and the remaining 0.8 per cent of customers used cable.

Figure 2.28 Terrestrial Broadband service availability



Following a mid-year review, \$20 million of the \$144.8 million allocated for Broadband Connect was rephased into 2006–07.

Connect Australia— Mobile Connect

Extending mobile coverage

Under the Mobile Connect program, \$25.3 million over four years will be provided to extend terrestrial mobile phone coverage and to continue satellite handset subsidies for more remote areas.

During 2005–06, the existing Satellite Phone Subsidy Scheme element of Mobile Connect was extended to June 2009. The Scheme offers a subsidy towards the purchase of a satellite phone to people who live or work in areas without terrestrial mobile phone coverage.

The 2005–06 allocation of \$4 million for Mobile Connect was used only for the Satellite Phone Subsidy Scheme element.

Connect Australia— Clever Networks

A discussion paper on Clever Networks was released on 17 November 2005 for public comment. Nationwide consultation forums on the Connect Australia package were held in late November and early December 2005. In January 2006, the Department received over 100 submissions in response to the discussion paper.

Following a nationwide consultation process, on 11 May 2006 the Minister agreed to the proposed structure of the Clever Networks program. The first funding allocation will become available from 1 July 2006.

Connect Australia— Backing Indigenous Ability

Backing indigenous Ability (BIA) has been allocated \$83.539 million over four years from 2006–07 to improve telecommunications services in Indigenous communities, improve Indigenous television content and replace ageing remote radio infrastructure. No funds were allocated or expended in 2005–06 as program funding does not commence until 1 July 2006.

Telstra Social Bonus— Launceston Broadband Project

The Launceston Broadband Project was an initiative of \$30 million that was jointly funded by the Australian Government and Telstra which provided \$25 million subsidies for the operation of the Multimedia Development Lab, an applications test-bed, in Launceston, and a further \$5 million in funding to the Business Development Fund.

The project subsidised ADSL and wireless access to homes and businesses in the Launceston region. Funding for the Multimedia Development Lab, which ends on 30 June 2007, involved the Government contributing \$10 million (including Departmental funding) and Telstra \$15 million (a contribution of 40 per cent from the Government). \$1.828 million was paid in 2005–06.

The \$5 million (including Departmental funding) Business Development Fund was designed to work in tandem with the Launceston Broadband Project to stimulate new high-tech business opportunities in the Launceston region, with an emphasis on broadband applications. The Fund operated from 1999 to January 2006 and was administered by the Tasmanian Electronic Commerce Centre. During its operation, the Fund attracted approximately 250 applications, with 29 selected for funding. Ten applications developed by grantees were trialled on the Launceston Broadband Project test-bed. Up to 30 June 2006, the Tasmanian

Electronic Commerce Centre had received \$4.586 million in funding for the Broadband Development Fund. The Centre reported that the Fund was successful in stimulating high-tech opportunities for the Tasmanian ICT industry with many of the funded projects achieving commercialisation.

Telecommunications Action Plan for Remote Indigenous Communities (TAPRIC)

Improved and sustained take-up and use of telephone services in remote Indigenous communities

The Community Phones Program (CPP) provides for improved access to basic telecommunications services in remote Indigenous communities.

A community phone is a shared telephone service using a normal telephone handset inside a robust casing to protect the phone in extreme weather conditions and from breakage. The Community Phones trial is in its final stages and 187 new services had been installed 30 June 2006 in

the Northern Territory and Western Australia to provide accessible, pre-paid community phone access.

Under the CPP, the Department has engaged regional agents to facilitate the roll-out of community phone services to remote communities. Regional agents have assisted in providing a liaison point between the Department, Telstra and the communities. They have provided training to community members on the operation of the phones and have assisted the Department in the evaluation process.

To test how alternative technologies can deliver fixed and mobile services to remote Indigenous communities in a cost-effective way, CDMA wireless local loop infrastructure was constructed in Bardi, Cape Leveque and Beagle Bay on the Dampier Peninsula in Western Australia. This has successfully connected up to 20 communities to fixed community phone services.

The Community Phones Demonstration Program (CPDP) is a subset of the CPP. While the CPP provides for basic shared community phones, the CPDP's purpose is to provide financial assistance to conduct demonstration pilots of



Telephone Policy
Section. (L–R):
Fiona Aitkin,
Steven Zorzi,
Christine Regan,
Richard Brown,
Nuala Fernando.

innovative products and systems to improve telephone accessibility for remote Indigenous communities.

Following a selection process, the Department entered into a funding agreement with the Mapoon Aboriginal Council (MAC) on 6 February 2006. The MAC CPDP is piloting an Internet data service and voice service using VOIP to 15 Indigenous residential homes. It will use the fibre optic network infrastructure which links with the Mapoon Health and Community Care Building. The project also covers the installation of a fully functioning IP PBX and a billing system that can be scaled up as the network evolves.

A stage 1 evaluation of the Community Phones program was undertaken in March 2006. It found that the community phones are providing Indigenous communities with a much needed lifeline telephone service.

The concept of a robust telephone installed at a central location within a community has also proven successful. Calls can be made using a Telstra Country Calling Card or PhoneAway Card (no coins) and incoming calls can also be received. Use of both the calling card and the pre-paid home telephone service, Country Calling Line, is proving effective and demand for this service is growing.

Improved take-up and effective use of Internet services by remote Indigenous communities

Two TAPRIC programs related to Internet services were finalised during 2005–06, although the funding had been fully expended during 2004–05. No further expenditure was made on these programs during 2005–06. The Internet Access Program has subsidised the cost of equipment and initial support and training for 170 remote communities to install public access to broadband Internet.

Improved information flow, including increasing awareness in remote Indigenous communities of telecommunications opportunities and rights

As part of the TAPRIC program, the Department produced promotional material including posters and pamphlets that provided information to Indigenous communities on topics such as the priority assistance phone service, the right to a reliable phone service, how to manage a phone bill and high-speed Internet. During the year, these posters and pamphlets were distributed to all relevant Indigenous coordination centres as well as to interested organisations. The material was also distributed whenever Departmental staff visited Indigenous communities.

National Relay Service

Access to the service by target audience

The National Relay Service (NRS) is a telephone relay service that Australians who are deaf or have a hearing and/or speech impairment can use to communicate with anyone who uses a standard telephone, and vice versa. The service is funded through the payment of an NRS levy to the Commonwealth by eligible carriers.

A range of relay services is offered to cater for the needs of users, with an Internet relay service to be progressively introduced in 2006–07. The service also provides a text-based emergency relay service and a community outreach program to provide training and raise awareness. In March, following a competitive tender process, a new provider, Westwood Spice, was selected to provide the outreach component of the NRS.

Telstra Social Bonus— Building Additional Rural Networks program

Improved access to telecommunication services

The Building Additional Rural Networks (BARN) program was established in June 1999 and administered under Networking the Nation. Its objective is to support the development of new networks, network services and products with an emphasis on the adoption of innovative solutions and leading-edge technologies. Of the \$67.3 million allocated over five years, \$35 million was incorporated into funding for the National Broadband Strategy in 2003. Forty-four projects were funded in part or in full by the BARN program.

All expenses under BARN during 2005–06 was related to commitments made during the previous financial year, including those to the Upper Clarence and Community Economic Development Organisation, Fraser Island Association Incorporated, Burnie City Council and Telstra.

Telstra Social Bonus— Local Government Fund

Improved access to local government services

The Local Government Fund has assisted local government authorities in regional and rural areas to improve their services to their communities through adopting telecommunications technologies. A total of \$43.2 million was provided for 42 projects across the life of the program.

The Department made final payments totalling \$149 312 to the Local Government Association of the Northern Territory to finalise three projects providing

ICT services to Indigenous councils and remote communities in the Northern Territory, and to the Local Government and Shires Association of New South Wales for the Local-e Online Action project which assisted local councils in New South Wales to develop and manage their websites.

The three Northern Territory projects were 'I've Got Email 2', '20/20 Connecting Communities' and 'NT Connect'. All three projects provided advanced online services to the target communities, including assistive technologies for people with disabilities.

Telecommunications Service Inquiry response—regional mobile phone initiatives

Increased terrestrial mobile phone coverage

Through the \$22.757 million Towns over 500 program, the Australian Government is subsidising the extension of terrestrial mobile phone coverage to 131 regional towns with 500 or more residents.

While Telstra experienced continuing delays in gaining planning approvals for new infrastructure in some towns, infrastructure installations were completed during 2005–06 in three towns benefiting 2300 residents in all. This brought the total to receive new or enhanced coverage through the program to 129 towns by 30 June 2006.

The remaining two sites were in construction at year end, with construction expected to be completed in August 2006.

With the completion of these programs, terrestrial mobile phone coverage will be available to 98 per cent of the Australian population and 20 per cent of the Australian landmass.

Improved mobile phone coverage along regional highways

Through the \$19.1 million Selected Regional Highways initiative, the Government subsidised the extension of mobile phone coverage to 62 lengths along 34 regional highways. The roll-out of new services under the agreement was completed in October 2005.

Telecommunications Service Inquiry response—National Communications Fund

Improved access to telecommunications

Improvements in telecommunication infrastructure

The National Communications Fund provided \$50 million over four years from 2002–03 to 2005–06 to support significant telecommunications projects in the education and health sectors in regional Australia. It provided high-speed bandwidth to health and education institutions in regional areas, producing significant benefits to local government, business and community groups. Schools, specialist teachers and telehealth consultants are taking advantage of high-speed Internet and videoconferencing capacity and can access online education and training resources.

Eight projects were funded across all states and the Northern Territory. All had completed the roll-out of telecommunications infrastructure by the end of 2004–05 and six had also completed service installation. The remaining two projects, in South Australia and Queensland, were completing service implementation in 2005–06.

A final evaluation of the Fund was commenced during the year and will be completed in 2006–07.

Telecommunications Service Inquiry response—consumer representation

Appropriate activities by consumer representatives

Under subsection 593(1) of the *Telecommunications Act 1997*, the Minister may make grants to assist the representation of consumers' interests in telecommunications issues. The objectives of these grants include support for consumer representation in the development of industry codes and standards.

Grants of \$700 000 were approved for consumer bodies under the consumer representation grants program during the year, including more than \$67 000 in sitting fees for consumer representatives on the Australian Communications Industry Forum Consumer Advisory Council and the Disability Advisory Board.

Recipients of these grants reported that the funding had supported their activities in a number of areas including participation in a range of meetings, involvement in working groups, and attendance at conferences and other forums. It also assisted those groups to undertake a number of communications activities including a range of discussion papers and submissions, and the publication of journal articles and newsletters.

Funded organisations ran a number of conferences to increase consumer's awareness of their rights and telecommunications opportunities.

The conferences also provided valuable advice to the Government about consumer views on a number of key issues.

Telecommunications Service Inquiry response— telecommunications research

Research published

Under subsection 593(2) of the *Telecommunications Act 1997*, the Minister may make grants to organisations or persons to undertake research into the social, economic, environmental or technological implications of developments relating to telecommunications.

In 2005–06, the Department committed grants totalling \$99 983 under the Telecommunications Research Program to two organisations. The University of South Australia will carry out research into the feasibility of capturing and reassembling VOIP packets for a computer or network after a VOIP conversation has occurred, and into the implications of this for privacy and law enforcement. Novita Children's Services Inc was funded to develop a network for providing a customised and effective telecommunications solution for people who have limited dexterity. It is anticipated that the research reports will be made public in 2007.

Regional Telecommunications Inquiry—Coordinated Communications Infrastructure Fund

Roll-out of new infrastructure and services under the Coordinated Communications Infrastructure Fund

The Coordinated Communications Infrastructure Fund (CCIF) program forms part of the Australian Government's commitment to implement the National Broadband Strategy. The fund includes \$21.988 million to provide for infrastructure projects that improve broadband capability for the delivery of health, education and government services in regional communities. The CCIF funding was aimed at supporting the development of broadband infrastructure and promoting further investment in broadband networks across regional areas of Australia. Funding was targeted to projects that deliver strategic benefits to regional communities.

Projects funded through the CCIF deliver high-speed bandwidth to health and education institutions, business, local government and Indigenous and community groups in regional and rural areas (see case study, page 130). Seven preferred applicants had been announced in the first round in April 2004, and six applicants were funded in the second round in April 2005. About 92 communities will benefit from round one of the program, and 48 communities will benefit from round two. CCIF expenses of \$3.178 million were incurred in 2005–06.

Under the program guidelines, CCIF funding must at least be matched by funds from the project partners. Actual funding allocated to infrastructure projects under both funding rounds was more than matched by project partners, as shown in figure 2.29.

Case study

Broadband delivering better services in Queensland

The rapid uptake of broadband services under Queensland Health's *NorthernNet* project has demonstrated that broadband has a key role to play in regional communities.

Funded under Round 1 of the Australian Government's Coordinated Communication Infrastructure Fund (CCIF), the project was initially funded to provide xDSL broadband services to 16 of the more remote regions of northern Queensland by upgrading Telstra exchanges. Following departmental negotiations, however, the final number of exchanges upgraded under the project totalled 36.

Remote regions receiving broadband services for the first time include Abergowrie, Babinda, Bamaga, Baralaba, Boulia, Burketown, Camooweal, Cardwell, Chillagoe, Cloncurry, Coen, Collinsville, Croydon, Dimbulah, Doomadgee, Georgetown, Giru, Glenden, Halifax, Herberton, Hughenden, Julia Creek, Karumba, Middlesmount, Millaa Millaa, Mornington Island, Mossman, Muttaborra, Nebo, Normanton, Palm Island, Richmond, Silkwood, Theodore, Weipa and Yarrabah.

These communities were assessed as being among those most likely to benefit from broadband access to the services provided by Queensland Health, Education Queensland, the Department of Emergency Services and Department of Employment and Training. These services included are 34 small hospitals or health clinics, 37 primary and secondary schools, 34 ambulance stations, 21 fire stations and four TAFE campuses.

The business case is based on Queensland Government agencies playing the role of anchor tenants for broadband services. The project has helped Queensland Health to provide improved support of health services such as radiology, ophthalmology and remote consultations. Education Queensland has been able to extend virtual schooling and increase access to online services for high school and TAFE students.

The Department of Emergency Services can now provide broadband services to emergency services workers, firefighters and paramedics in these communities, improving prevention and treatment practices.

The project was cited as an example of successful collaboration and partnership between the Australian Government, Queensland Government agencies and Telstra. The project, together with its sister project, OutbackNet, funded under the Australian Government's

National Communications Fund, received a High Commendation in the President's Award Category (second place) of the Queensland Branch of the Australian Institute of Project Management Awards in August 2006.



Queensland Health Orthopaedic Surgeon and Queensland Health Telehealth manager looking at a X-ray image sent over the video conferencing system used to support remote orthopaedic consultations to Toowoomba Hospital. Image courtesy of Queensland Health.

Figure 2.29 Coordinated Communications Infrastructure Fund funding

CCIF	Commonwealth funding (\$m)	Other funding (\$m)	Total value (\$m)
Round 1	13.8	25.2	39
Round 2	8.1	18.3	26.3

Of the seven networks funded under the first round of the CCIF, three are now operational. The projects completed in 2005–06 were Loddon Mallee Connect (Victoria), District Council of the Yorke Peninsula (SA) and Charles Darwin University (NT). The remaining CCIF projects are expected to be completed in 2006–07 and 2007–08.

Research continued into evaluating the social and economic impact of broadband in four program areas—Yorke Peninsula (SA), Loddon Mallee (Victoria), Gold Coast (Queensland) and Gloucester (NSW). The Department contracted Roy Morgan Research to perform a household survey of broadband use and selected Management Effect to perform a series of focus groups in November 2005.

Information collected from this research, and from in-depth interviews with stakeholders, will provide the basis for the four broadband case studies which will describe the early impact of broadband use in these rural, regional and remote areas. The early impacts of broadband include more convenient access to a range of government services, improved social cohesion, greater retraining opportunities in isolated communities, accessing new markets and more flexibility in where Australians choose to perform their work.

Regional Telecommunications Inquiry—Demand Aggregation Brokers

Improved access to broadband

The \$7.2 million Demand Aggregation Brokers (DAB) program involves a network of national, state and territory and community brokers to undertake demand aggregation initiatives resulting in the provision of new broadband infrastructure and services. All the projects are complete or are near completion, and grants of \$3.639 million were made during 2005–06.

The three core elements of the program are:

- brokers who work on multi-jurisdictional broadband initiatives, targeting priority areas such as the health, education, and local government sectors;
- state and territory based brokers who work with governments and communities to develop demand aggregation projects across sectors and within specific geographic areas; and
- community brokers who work with communities on the development and implementation of specific broadband demand aggregation projects.

Aggregate estimates compiled from projects funded under the DAB program indicate that approximately 900 000 people in more than 300 communities now have access to broadband. Brokers have achieved those results by aggregating necessary threshold demand to enable many local exchanges with ADSL. For example, more than 260 exchanges have been ADSL enabled in regions covered by the DAB program and it is expected a further 50 exchanges will be enabled by the end of 2006.

The program has also helped new wireless service providers to enter the market and develop regional broadband solutions for areas that may not otherwise have been able to afford them. More than 60 new wireless services are now being delivered in DAB areas. The price of these services is mostly comparable with prices in metropolitan areas.

Broadband access and usage costs have been lowered not only by facilitating competitive services offerings but also by encouraging value added service solutions such as VOIP (voice over Internet protocol). These have delivered further savings to customers. The DAB program helped spread awareness of broadband and its social and economic benefits throughout regional Australia. This has been critical in driving up demand for broadband in more remote and isolated communities. It helped communities in regional areas to better identify their broadband needs, such as what applications to use.

A total of 33 projects were administered under the program. Some notable projects are set out below.

- The South West Community Broadband Broker was appointed by the Connect Southwest Association to raise community awareness on the benefits of broadband, to aggregate demand and to negotiate broadband options on behalf of each community in 12 local government areas in south-western Western Australia.
- The Barossa and Light Regional Development Board Broker project identified clusters of business with compatible telecommunications requirements and matched them with the best solution to improve communications technology throughout the region.
- The Gold Coast City Council Broker was employed to build a business case for connectivity in the Hinterland communities of the Gold Coast south of Brisbane. As a result, about 95 per cent of people now have access to broadband, compared to 30 per cent at the commencement of the project.
- The Loddon Mallee Health Alliance Community Demand Aggregation Broker project has resulted in 4919 more households and 2480 more businesses across the local government authority areas gaining access to broadband Internet.
- The Gloucester Online project funded a broker to promote the benefits of broadband to the wider Gloucester community and to use aggregated demand to persuade service providers to invest in the region. The project has resulted in cutting-edge wireless mesh broadband technology being made available, four exchanges being ADSL enabled, and six new towns having access to broadband.

Three National Broadband Advisers have focussed on multi-jurisdictional broadband initiatives in the health, education and local government sectors respectively.

The Education Adviser has worked closely with schools, universities and vocational education and training associations to promote better practice in bandwidth procurement and to explore ways that the deployment of fibre infrastructure by the higher education and research sector can provide wider community benefits. The initial 18 months of the position, from April 2004 to September 2005, was funded by the Department while the Department of Education, Science and Training is funding the subsequent 18-month period (October 2005 to March 2007).

The Health Adviser facilitated the engagement of health stakeholders in the discussion and planning of broadband initiatives, as well as providing advice on how best strategically to coordinate financially sustainable broadband strategies for the health sector. The term of the Health Adviser expired on 31 December 2005.

The Local Government Adviser provided advice on the best way to improve local government's capabilities to make effective investment in, and use of, broadband infrastructure and applications, and provided input into the design of Australian Government programs including Clever Networks. The term of the Local Government Adviser expired on 30 June 2006.

State and territory broker funding agreements were signed with New South Wales, Victoria, Queensland, South Australia, Western Australia and the Northern Territory.

Regional Telecommunications Inquiry response—extending mobile phone coverage

Increased terrestrial mobile phone coverage

Telstra continued to provide new or improved mobile phone coverage to 62 locations in regional Australia in accordance with a \$15.6 million funding agreement with the Australian Government signed in August 2004. This agreement is jointly funded through the Telecommunications Service Inquiry response—regional mobile phone initiatives. Completion of the rollout is targeted for 30 November 2006.

At 30 June 2006, 48 locations providing new or improved CDMA coverage to an estimated 12 000 people had been completed. These locations provided approximately 36 000 square kilometres of coverage.

Regional Telecommunications Inquiry response—Satellite Phone Subsidy Scheme

Improved access to telecommunication services

The Satellite Phone Subsidy Scheme was established as an outcome of the Telecommunications Services Inquiry. It was extended for a further three years with additional funding of \$3 million following the Regional Telecommunications Inquiry.

During 2005–06, a subsidy of up to \$1500 was available to eligible applicants, depending on the monthly access plan selected.

A total of 4091 applications were approved during the year, well above the level in 2004–05 when 3399 applications were approved. The high level of demand for the subsidy necessitated the rephasing of \$1.0 million of the 2006–07 allocation to 2005–06.

Subsidies under on the Satellite Phone Subsidy Scheme during the year was \$4.1 million compared to \$2.91 million in 2004–05. Of the \$4.1 million in 2005–06, \$2 million was funding originating from the response to the Regional Telecommunications Inquiry and \$2.1 million was provided through the Mobile Connect initiative announced by the Government in August 2005.

Regional Telecommunications Inquiry response—ICT training and technical support

Improved access to ICT training and technical support for people living in very remote Australia

Under the IT Training and Technical Support program, basic ICT training and technical support is made more accessible to people and organisations in very remote areas of Australia. An expected 15 000 people in approximately 500 communities will benefit from this program and a total of \$8.79 million has been allocated to the program over four years. The program is due to be completed by 30 June 2007.

Nine projects delivered services during 2005–06 and it was reported that 2457 people had attended formal IT training courses and received technical support delivered during the year.

Metro Broadband Blackspots Program

All metropolitan customers are able to access broadband services at metropolitan comparable prices

The Metropolitan Broadband Connect program is intended to assist people who are unable to access broadband services at prices similar to those available to the majority of metropolitan customers.

Implementation of the Metropolitan Broadband Connect program was delayed by a number of factors, including the time required to register providers under the program. As a result, the first funding period of the program was significantly shortened and funding of \$7.369 million for the 2005–06 financial year was rephased to 2006–07.

International organisations contributions

Appropriate issues raised at International Telecommunication Union and Asia–Pacific Telecommunity meetings

Australia contributed more than \$4.9 million to the International Telecommunication Union (ITU) in 2005–06.

In December 2005, funding of \$595 087 was committed to ITU support for telecommunications and ICT regulatory and governance activities in the Asia–Pacific. The activities will help address the needs of Asia–Pacific countries consistent with the outcomes of the ITU's World Telecommunication Development Conference held in Qatar in March 2006.

The Department participated in the ITU's work to develop international telecommunication standards, focusing on the areas important to Australian public policy, industry and consumer interests. In particular, the Department, in conjunction with ACMA, participated in ITU study groups addressing the significant new challenges arising from the shift to Internet protocol-based networks and next generation networks.

Australia has continued to pursue improvements in the operations and administration of the ITU. This has included managing the national preparations and participating in the Asia-Pacific region's preparations for the ITU Plenipotentiary Conference to be held in Turkey in November 2006.

The Asia-Pacific Telecommunity (APT) is a regional communications development and cooperation organisation established by treaty. The APT General Assembly was held in Pakistan at the end of 2005 and the Department participated in developing the strategic direction for the organisation for the next three years.

Australia, through the Department, contributed \$255 238 to the APT in 2005–06 for the purpose of developing and supporting capacity-building projects that assist policy makers and regulators in the region to improve access, security and governance within the sector.

Television Black Spots and Television Black Spots— Alternative Technical Solutions

Removal of television black spots

The Television Black Spots Program provided improved access to analogue television services in areas where television reception was poor. The program finished on 30 June 2005. New services had commenced in 237 black spots by

30 June 2005, above the program target of at least 200 black spots. Arrangements were made to complete a further five facilities after the close of the program. These five facilities were completed by 30 June 2006.

As well as establishing new services, the program funded the replacement of obsolete equipment at 182 existing self-help retransmission sites, 106 of which serve Indigenous communities.

The Television Black Spots—Alternative Technical Solutions program provides alternative solutions such as digital television services or satellite reception to a small number of black spots that could not be assisted under the Television Black Spots Program. There are 14 projects being managed under the Television Black Spots—Alternative Technical Solutions program.

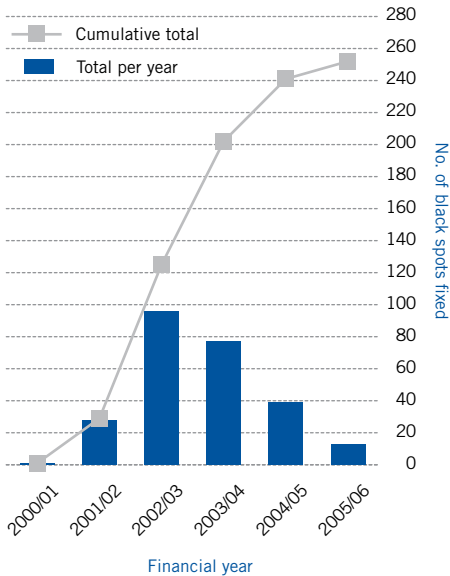
A total of \$347 257 was approved for black spots projects in 2005–06, including \$86 524 to enable remedial works to be undertaken at existing Television Black Spots program facilities.

As at 30 June 2006, a combined total of 252 projects had been approved for funding under both programs. Of these projects, 249 had been completed.

In 2005–06, new facilities commenced transmission, or alternative solutions were implemented, in 13 black spots compared to 39 black spots in 2004–05 for both programs.

Figure 2.30 has the number of television black spots fixed under the programs, listed by year and cumulatively.

Figure 2.30 Number of television black spots fixed under the Television Black spots program



ABC and SBS Digital Interference Scheme

Timely payments to ABC and SBS under the digital interference scheme

The ABC and SBS Digital Interference Scheme reimburses the costs incurred by the national broadcasters in contributing to the Interference Management Strategy. The Strategy assists consumers to overcome interference problems associated with the introduction of new digital television services. Free TV Australia administers the Strategy on behalf of all participating broadcasters, including the ABC and SBS.

The Department transfers funds to the national broadcasters when their strategy-related costs are confirmed. Grants in 2005–06 totalled \$17 454.

The average period between the receipt of invoices, or relevant supporting information, and payment approval was 17 days.

Indigenous broadcasting

Access to Indigenous broadcasting services

The Indigenous Broadcasting Program supports culturally appropriate Indigenous community radio services, including 20 fully licensed Indigenous community broadcasters in capital city and regional centres. It also supports four services holding temporary community broadcasting licences in Nhulunbuy (NT), Kalgoorlie (WA), Geraldton (WA) and Palm Island (Qld).

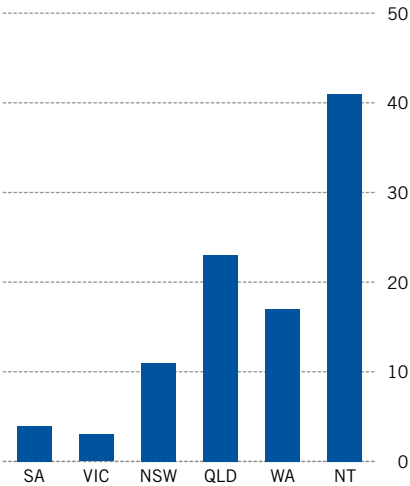
In 2005–06, the program helped to establish a new remote Indigenous media organisation in Cairns to support remote Indigenous broadcasting in Queensland. The new organisation brings to seven the number of remote Indigenous media organisations that provide training, technical support and networking arrangements for broadcasting services in 80 remote communities throughout Australia.

Imparja Television, an Indigenous-controlled commercial television service, receives funding under the program to assist with the costs associated with the uplink of networked Indigenous radio programming and the fledgling Indigenous Community Television Service.

In 2005–06, program funding of \$13.327 million supported 99 activities by Indigenous-controlled media organisations.

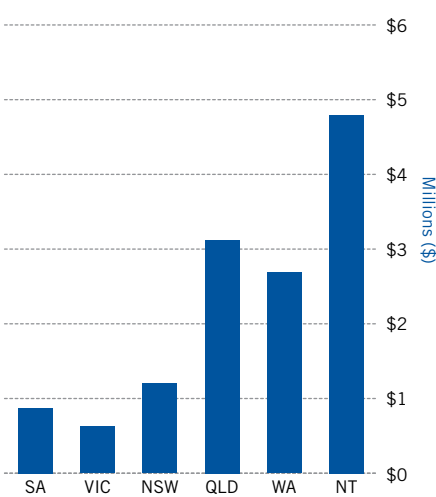
The number of services funded in each state is set out in figure 2.31 below.

Figure 2.31 Number of Indigenous broadcasting activities funded (by State)



The funding distribution in each state is set out in figure 2.32 below.

Figure 2.32 Indigenous Broadcasting Program 2005–06 allocation (by State)



National Transmission Network residual funding pool

Access to broadcasting services by specific target group audiences

The National Transmission Network (NTN) residual funding pool was created as part of the network sale arrangements to ensure that Government commitments were met in relation to transmission arrangements for national, community and remote commercial broadcasters, and for Radio for the Print Handicapped.

These commitments have now been discharged or, where appropriate, funding agreements have been put in place to ensure that they are met and to provide ongoing access to broadcasting services. There were five grants totalling \$856 000 in 2005–06.

The NTN residual funding pool funding was provided to the ABC under a funding agreement in late June 2006 to purchase three emergency power plants in Victoria and two portable FM radio transmitters, one each for Western Australia and Queensland, to support the 'Continuity of ABC Local Radio'. The total funding commitment to the ABC for this initiative is \$547 696, of which \$173 542 was expensed from the NTN residual funding pool in 2005–06.

Commercial Radio Black Spots Program

Removal of commercial radio black spots

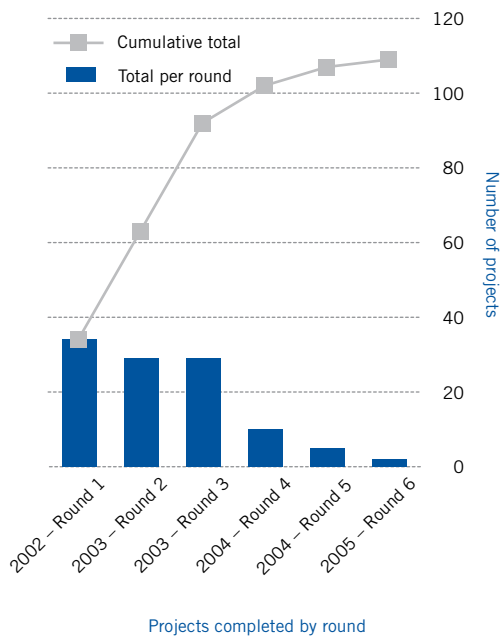
The \$5 million Commercial Radio Blackspots program (including departmental running costs) commenced in 2002–03 and gave effect to a 2001 Government election commitment to provide assistance to commercial radio

broadcasters to enable them to establish or improve services in areas that have not been commercially viable for the commercial licensee.

Funding rounds totalling \$110 700 were approved in 2005–06 for four black spot projects serving four communities in New South Wales and Queensland.

The program finished on 30 June 2006 with a total of 109 projects completed and total grants funding of \$3.023 million throughout all states and the Northern Territory. Numbers of funded projects over the six program funding rounds are set out in figure 2.33.

Figure 2.33 Number of funding projects over six program funding rounds



Regional Equalisation Plan

Assistance to regional and remote commercial television broadcasters for digital broadcasting

The Regional Equalisation Plan, announced by the Government in the 2000–01 Budget, provides more than \$200 million over 13 years to help regional and remote commercial broadcasters to introduce digital terrestrial television services.

The plan meets half of both the capital costs and the eight years operating costs of the digital transmission of existing broadcasting services.

The plan primarily comprises licence fee rebates administered by ACMA. These totalled \$23.57 million in 2005–06.

In the case of smaller markets where there is less revenue and hence lower licence fees, the licence fee rebates are supplemented by cash grants administered by the Department. The grants enable licensees in these markets to achieve the level of annual Regional Equalisation Plan assistance agreed by the Government.

A further \$360 000 in cash grants was provided in 2005–06 under the plan to Imparja Television to assist with the significant equipment costs it is incurring in advance of its digital conversion. A further \$300 000 was provided to help licensees in smaller markets to establish digital transmission facilities.

NetAlert Limited

Promote a safer Internet experience

Total funding provided to NetAlert in 2005–06 was \$1.876 million and included \$1.330 million for the delivery of the National CyberSafe Program, a two year training roadshow, and an information campaign known as NetAlert Expo aimed at parents, teachers and community groups. NetAlert Expo will visit community centres, libraries and schools in every state and territory in Australia. The balance of the funding consists of \$500 000 for NetAlert's core operational activities and \$46 000 for the budget estimates and framework review, which enables NetAlert to meet its budget reporting obligations.

Community broadcasting training fund

Access to training by targeted groups

The Community Broadcasting Foundation was provided with \$0.5 million in 2005–06 to progress the Training Fund which is now in its implementation phase. In 2005–06, the funding was used for broadcast training, pilot training projects, training development and training resource development. In Round 1, which closed on 21 April 2006, funding was provided for 86 trainees, 76 of whom were from designated target groups—regional, rural and remote stations, and Indigenous, ethnic and Radio Print Handicap trainees. Round 2 was open for applications at 30 June 2006.

Community broadcasting transmission support

Access to broadcasting services by community broadcasting audiences

Funding of \$1.5 million was provided to the Community Broadcasting Foundation in 2005–06 to assist community radio broadcasters with transmission costs. The Community Broadcasting Foundation held two funding rounds and made a total of 164 grants to community broadcasters located in urban, regional and remote centres across Australia.

ICT Centre of Excellence program

The Department administers the funding arrangements for the ICT Centre of Excellence, National ICT Australia, in collaboration with the Australian Research Council. The centre received a total of \$124.8 million from the two agencies over 2001–02 to 2005–06 under the first tranche of the Government's Backing Australia's Ability measures.

National ICT Australia's mission is to undertake information and communications technology research at the highest international standard and scale. It conducts research training through an enhanced PhD program, has as a key objective the commercialisation of its own research and forges mutually beneficial linkages with private sector research organisations, major corporations, small and medium enterprises and public sector agencies.

Further funding of \$249.48 million will be provided for the centre's operation from 2006–07 to 2010–11 as part of the second tranche of Backing Australia's Ability.

Quantity and quality of research, research training, collaboration and commercialisation

The centre's research program commenced with 11 programs in 2003 based on the contributions of staff from the University of NSW and the Australian National University. By January 2006, there were 196 researchers and 77 technical support staff working on a portfolio of 55 research projects across 16 programs at laboratories in Sydney (two), Canberra, Melbourne and Brisbane.

National ICT Australia published 126 research papers in peer-reviewed journals during 2005, an increase of 76 over 2004. A further 438 papers were presented at major international conferences related to the centre's main disciplines and published in related conference proceedings over the 2005 calendar year. In addition, 153 international researchers visited the centre to collaborate on research.

Research training

At 31 December 2005, 209 students were endorsed under the National ICT Australia program, an increase of 77 over 2004, and the first two PhD students had graduated.

Collaboration and commercialisation

National ICT Australia establishes links with business, major research organisations and universities in Australia and overseas.

It has established an outreach program to small and medium enterprises, appointed small and medium enterprise liaison officers and established collaborative research projects with the Defence Science and Technology Organisation (DSTO). In September 2005, it organised the third of the

annual ICT research forums jointly with the Commonwealth Scientific and Industrial Research Organisation (CSIRO), DSTO and the Council of ICT Cooperative Research Centres.

During 2005, collaborative research and development projects were undertaken with IBM, Ericsson and NTT DoCoMo, as well as with universities and research institutes in Canada, Germany, Switzerland, the United Kingdom and the United States.

National ICT Australia lodged 23 patent applications in 2005, an increase of 19 over 2004.

In 2005–06, National ICT Australia continued to receive external revenue sources through cash and in-kind support from a number of commercial partners and received direct payment for services provided in addition to contributions from its members.

Advanced Networks Program

The Advanced Networks Program was established in 2000–01 as part of the \$153.1 million Building on IT Strengths program which was funded from the proceeds of the partial sale of Telstra. The program's objective is to contribute to the development of advanced network infrastructure that will deliver long-term economic benefits. It supports the development, trialling and demonstration of advanced networks, experimental networks and test beds.

Funding for the program was \$37.230 million over three years to support three projects, the Centre for Networking Technologies for the Information Economy (CeNTIE), GrangeNet and m.Net. Additional funding of \$20 million was provided for three years from 2004–05 under Backing Australia's Ability.

Throughout 2005–06 the three projects continued to use the networks established in the first phase of the program for research and applications development, exploring commercialisation opportunities and supporting the Government's e-research agenda.

High use of facilities

The Advanced Networks Program networks have been used extensively in research and applications development. CeNTIE's focus groups are building on the Centre's network and applications research to develop and demonstrate new business systems covering e-health, digital media, enterprise systems and regional Australia connectivity. Participants in the focus groups come from many large and small companies as well as from government agencies and research organisations.

GrangeNet is supporting research projects in Instrument Grid and tele-science, Computational Grids, Access Grid, Data Grid, Collaborative Working and Grid Middleware/security. The projects serve researchers in areas as diverse as particle physics, linguistics and sports coaching.

Thirty-three application and content development companies are working under the m.Net umbrella to develop and commercialise rich-media mobile services. To position itself for commercial sustainability as required in its funding agreement, m.Net is establishing marketing relationships with overseas firms to market Australian output internationally. m.Net is also expanding its position as a mobile services enabler for carriers and media companies.

Facilities have had positive impact on the work of researchers

In 2005–06, the three Advanced Network projects have facilitated a significant amount of research activity.

CeNTIE is conducting technology projects in continuous media web services, telepresence, network research and trusted systems. CeNTIE has developed and installed a digital tele-presence system, the Virtual Critical Care Unit (ViCCU), which uses video over Internet protocol technology to enable a specialist located at one hospital to supervise a medical team located at a peripheral hospital. Following successful trials of the system, CeNTIE entered into an agreement with Telstra in 2006 to licence ViCCU as a managed service for use in hospitals across Australia.

CeNTIE has also collaborated with the University of Melbourne to develop a virtual surgical training environment to train surgeons in temporal bone drilling utilising Haptic Workbench technology, a networked technology that simulates feel. In 2006, CeNTIE and the University entered into an agreement with Medic Vision (a company that provides specialty medical products) to license the joint project technology. The agreement enables the production of a commercial surgical training simulator.

GrangeNet has delivered opportunities for Australian researchers to collaborate at high speed, without the constraint of cost, using Australia's first high performance optical research network. This enabling technology offers a framework for developing grid services, the opportunity to test-drive high speed networks, and incentive to explore novel techniques and forge new collaborations. GrangeNet has provided networking solutions, provided storage on-demand, promoted the uptake of IPv6 and hosted the first Australian IPv6 Summit.

Commercial carriers have implemented 3G mobile telephone applications following m.Net's pioneering of the technology in Australia. m.Net has continued its range of activities supporting the testing, trialling, demonstration and commercialisation of next-generation wireless broadband applications and mobile content development, and its mobile services software programs, a mobile applications development course at universities and a marketing program. Examples of content development supported by m.Net include mini-series and short films in multi-episode format designed for delivery to advanced mobile telephones.

Leveraging of non-Australian Government external funding

Over the initial three years of the program, the Government's investment of \$37.230 million was supplemented by more than \$75 million in cash and in-kind contributions by non-Commonwealth consortium members of the three projects. The Government's funding of \$20 million from 2004–05 to 2006–07 is similarly being supplemented by external contributions. In 2005–06 the non-Commonwealth consortium members contributed \$2 million in cash and another \$7 million in kind.

Contribution to national backbone network for research and education

Under the first phase of the program, the networks established by CeNTIE and GrangeNet provided the first very high-capacity (10 gigabits per second) network in the Southern Hemisphere. The two organisations interconnect to form a national research backbone from Brisbane to Perth.

In 2005–06, this backbone continued as the principal national high-capacity research link, also enabling international connections through Australia's Academic and Research Network (AARNet) to the major research and education networks in North America, Europe and Asia.

ICT Incubators Program

After the \$75.870 million Building on IT Strengths (BITS) Incubator Program was established in 2000–01 as part of the \$153.1 million BITS program, a further \$34.130 million over four years was provided in 2004 under the ICT Incubators Program to support eight of the better performing BITS incubators. The program's objective is to accelerate the growth of innovative and high potential ICT start-ups by providing seed capital and business advice to raise co-investment and identify key customers.

ICT start-up companies assisted

From 30 June 2005 to 31 March 2006, ICT incubators considered 459 applications of which 23 ICT start-ups were accepted as incubatees and 23 reached graduate status. As shown in figure 2.34, since 2000–01, incubators have considered 5300 applications, of which 400 ICT start-ups were accepted as incubatees and 246 became graduates of the program.

Figure 2.34 Applications, acceptances and graduates from the ICT Incubators Program and the former Building on IT Strengths program

	Up to 2000–01 BITS	2001–02 BITS	2002–03 BITS	2003–04 BITS	2004–05 ICTIP (to March 2006)	2005–06 ICTIP	Total*
Applications	1516	1110	927	656	632	459	5300
Acceptances	63	98	102	81	33	23	400
Graduates	4	32	88	64	35	23	246

* Numbers above revised from previous years as full year figures became available.

NB There were 11 incubators under the BITS Incubator Program while the ICT Incubators Program has eight.

Stronger ICT commercialisation

The ICT incubators have reported raising \$51.8 million in private co-investment for incubatees, compared to \$43.8 million in 2004–05, which brought total private co-investment to \$222 million since 2000–01. In addition, incubatees successfully applied for \$6.1 million in government grants compared to \$14.1 million in 2004–05, which brought the program total to \$45.5 million since 2000–01.

Impact of funding

The ICT Incubator Program addresses an identified market failure where venture capital and other finance providers have displayed continued reluctance to invest in early-stage ICT companies. Consequently, ICT start-ups have found it difficult to obtain business advice in their critical early years to develop networks and locate leading edge customers, business partners and capital providers.

The ICT incubators have an important role in Australia's innovation system in providing advice to bring high potential ICT start-ups to the attention of capital providers and to commercialise new technologies into viable businesses. Incubators have reported that the annual sales revenue of incubatees increased by \$29 million, employment increased by over 280 and \$42 million of exports have been achieved since the program started. In addition, incubatees have been recognised in a number of local and international industry awards.

Intelligent Island

During the year, the Department and the Tasmanian Department of Economic Development continued jointly to oversee the implementation of the memorandum of understanding that governs the \$40 million Intelligent Island Program. Under the memorandum of understanding, the Department of Economic Development is responsible for administering the program.

Following extensive consultations in 2005 with the Tasmanian ICT industry on the future directions of the program, the Australian and Tasmanian Governments announced in December 2005 that remaining Intelligent Island funds would be allocated between a proposed \$15 million CSIRO ICT Centre and a new Market Access and Partnership Program (MAPP).

CSIRO was invited to submit a proposal to establish a Tasmanian ICT Centre in December 2005 and responded in February 2006. An independent expert panel assessed the proposal, including consulting with a range of Tasmanian ICT stakeholders. In May 2006, the Intelligent Island Project Executive agreed that negotiations commence for a funding agreement with the CSIRO.

MAPP is a competitive, merit-based grant program that will support Tasmanian ICT companies to develop and commercialise products and services for a global market. It will provide up to \$18 million in grants. Draft guidelines for the program were released for public comment and applications for the first round of MAPP were called in May 2006.

Information Technology Online

Innovative projects funded under the Information Technology Online Program

The Information Technology Online program is a competitive funding program designed to accelerate national adoption of e-business solutions, especially by small and medium enterprises, across a broad range of industry sectors and geographic regions.

During 2005–06, funding agreements for 12 new projects involving 81 organisations were finalised. These projects were selected to demonstrate the practical application of ICT innovation across the economy. Because of their level of innovation, a number of projects supported may also make a significant strategic contribution to Australian industry.

Two projects from previous funding rounds demonstrate this potential.

- The eNotification system, developed by the Cancer Institute of NSW, aims to send electronic notifications of cancer diagnoses electronically from pathology laboratories to the NSW Central Cancer Registries (CCR). The Institute partnered with Symbion and the South Eastern Area Laboratory Service to pilot such a system. All cases of cancer are notified by law to the NSW CCR. The Institute provides cancer incidence and mortality data for doctors, health service planners and researchers. This data was sourced from some 75 laboratories that provide pathology reports describing the type of cancer.
- The National Demonstration of Electronic Product Code (EPC) Network, developed by CSIRO, aims to study the application of an EPC network in the supply chain. It is the world first project demonstrating the benefits of the entire Radio Frequency Identification (RFID)/EPC network of technology, systems and standards. The benefits include improved management of assets, greater business responsiveness to events that affect operations and enhanced capacity to make decisions using real time information. These benefits, in turn, help generate efficiencies and savings across various sections of the supply chain.

Projects completed successfully

A total of 14 projects from rounds 7, 9, 11, 12 and 13 were successfully completed in 2005–06. Case studies of successful projects are available on the Department's website at www.dcita.gov.au/itol

Take-up of business-to-business e-commerce by business in targeted sectors

Seventy-three applications were received in one funding round held in 2005–06. Twelve projects in round 14 were awarded to the value of \$1.965 million from the agriculture, theatre, arts and crafts, transport, health, construction and building industry sectors.

In addition, strong interest in the program is shown by the large number of applications received, the increase in the number of ITOL News subscribers and the number of hits on the program's web pages.

Positive feedback on the program

An internal survey of ITOL funding recipients found that departmental staff are seen as helpful and courteous, and recipients found their feedback to have been valuable and timely. Recipients rated the program's application process, reporting requirements and administration positively for clarity, simplicity and modest cost.

Output 3.1

Policy advice and program management which encourage competitively priced and reasonably accessible telecommunications and postal services

High-quality program administration

The programs administered by the Department in this output address communications needs in regional and underserved areas, access by people with disabilities and consumer representation and research.

The Department complied with the timeframes in its telecommunications grant deeds when making payments. All associated payments were made once progress reports were approved and satisfactory progress against all requirements of the funding agreement had been demonstrated, including a satisfactory financial acquittal.

The Department continued to meet the target of seven days for paying the National Relay Service provider the National Relay Service levy once levy funds were received from the Australian Communications Authority. This benchmark, established in 2003, has contributed to a more efficient and streamlined process for the payment of the quarterly service levy.

Programs for regional and other underserved areas

Broadband programs

Broadband Connect

Broadband Connect, together with the related Higher Bandwidth Incentive Scheme, was allocated an aggregate \$247.1 million for the 2005–06 financial year. This comprised \$102.3 million for the period to 31 December 2005 and \$144.8 million for the period from 1 January 2006 when the HiBIS program became Broadband Connect. \$221.8 million in subsidy expenses were incurred in 2005–06. Following a mid-year review, \$20 million of the funds allocated to the Broadband Connect program was rephased to 2006–07.

During the year, the Department assessed 55 applications from Internet service providers wishing to become registered Broadband Connect retail and/or wholesale providers. At 30 June 2006, 19 providers were registered, four were approved but not yet formally registered, 21 were still being processed, seven were unsuccessful, three were being held for further consideration and one application was withdrawn.



The Broadband Connect team.
Front (L–R): Kirstin Dal Santo,
Sue Strickland, Robbie Walker.

Middle (L–R): Betsy Dickson,
Kylie Scaysbrook,
Lisa Horvarth.

Back (L–R): Peter Hall,
Nichole Ischenko,
Farrah Martin, David Gibson.

There were more than 2600 calls from members of the public to the Broadband Connect 1800 hotline during 2005–06 and approximately 2400 email contacts.

In order to test the feasibility of a more cost effective and efficient approach to enabling sustainable metro-comparable broadband access for the remaining under-served areas and premises, in June 2006 the Department published a request for expressions of interest seeking industry responses to a proposal for an alternative infrastructure-based competitive grants program.

Coordinated Communications Infrastructure Fund

The Coordinated Communications Infrastructure Fund (CCIF) program forms part of the Australian Government's commitment to the implementation of the National Broadband Strategy. The CCIF includes \$23.7 million over four years to fund infrastructure projects that improve broadband capability for the delivery of health, education and government services in regional communities.

Funding deeds from the second of two CCIF rounds were finalised with the South Australian Department for Administrative and Information Services, BreastScreen Victoria and Optus—New South Wales TAFE during 2005–06. The remaining three (Kimberley, University of Newcastle and the Local Government Association of the Northern Territory) are being negotiated.

Demand Aggregation Brokers

The Australian Government funded the Demand Aggregation Broker program with \$8.4 million over two years ending in June 2006. The program was aimed at building awareness of broadband and its benefits. It coordinated demand for broadband services at regional and sectoral levels to encourage investment in broadband infrastructure and the delivery of services.

Thirty-three projects were administered under the program. More than 60 milestones were met in the reporting period, an increase from 44 for the previous twelve months. Eighteen payments remain outstanding.

Telecommunications programs

Telecommunications Action Plan for Remote Indigenous Communities

The Telecommunications Action Plan for Remote Indigenous Communities (TAPRIC) was allocated \$8.3 million over three years from 2002–03, with \$3 million rephased to 2005–06 to trial the Community Phones Program (CPP) and the Community Phones Demonstration Program (CPDP). Through the CPP, 187 community phones were installed in remote Indigenous communities in the Northern Territory and Western Australia to provide accessible, prepaid phone access. Telstra has rolled out the community phones under funding deeds with the Department which have been varied to extend the program until the end of December 2006 to enable completion of the balance of the community phones.

The Department is also administering a funding agreement with the Mapoon Aboriginal Council (MAC) in relation to a demonstration pilot of innovative products and systems to improve telephone accessibility for remote Indigenous communities under the CPDP. Owing to delays resulting from cyclone activity, the demonstration pilot which had been scheduled to finish by 30 June 2006 will now be completed during 2006–07.

Of the \$3 million allocated for 2005–06, \$1.118 million has been rephased to 2006–07 in order to conduct the second phase of the CPP relating to communities requiring higher-cost delivery and to complete the Mapoon Aboriginal Council pilot.

IT Training and Technical Support program

The IT Training and Technical Support program, with funding of \$8.79 million over four years from 2003–04, aims to make basic IT training and technical support more accessible in the very remote areas of Australia.

Eight projects in Queensland, South Australia, Western Australia, New South Wales and the Northern Territory commenced in 2004–05 and continued into 2005–06. Four of these projects had their funding increased during the year. A second competitive funding round was held resulting in a further project in the Northern Territory commencing in 2005–06.

There were grants of \$2.51 million during the year for activities such as recruitment of trainers, establishing technical support facilities and promotional activities, and the delivery of training services.

National Communications Fund

The National Communications Fund was a \$52.2 million program over three years from 2002–03 which supported significant telecommunications projects in the education and health sectors in regional Australia. Eight projects were funded across all states and the Northern Territory. Six of these were completed in 2004–05. The remaining two projects completed their residual activities during 2005–06 with the final payments totalling \$6.13 million. Five of the eight projects were acquitted in early 2005–06 with the final three projects expected to be acquitted in the following year.

Satellite Mobile Phone Subsidy Scheme

Under the Satellite Phone Subsidy Scheme, the Department must assess whether applicants meet the relevant eligibility criteria and, if so, calculate the appropriate subsidy and process payments to registered handset providers.

During the year, 4091 applications were approved compared with 3399 in 2004–05. Expenditure of \$4.1 million for 2005–06 with \$2.1 million of this being sourced from the new Mobile Connect program, was well above that of the previous year (\$2.91 million). Despite this very significant increase in the number of applications and payments made under this scheme during the year, program administration was efficient and relevant timeframes were met.

The scheme was originally due to end on 30 June 2007. However, following the mid-term evaluation, the Minister for Communications, Information Technology and the Arts announced on 15 May 2006 a series of changes to the scheme to take effect from 1 July 2006, in conjunction with its extension to 30 June 2009 and increased funding as part of the Mobile Connect program.

Under the revised scheme, administration arrangements are to be tightened to ensure the scheme's integrity. These changes will include introducing more formal funding agreements between the Government and satellite phone dealers and applicants.

Mobile phone infrastructure in regional Australia

The Department administers four contracts with Telstra which fund the enhancement or upgrading of mobile phone infrastructure in regional Australia. In 2005–06, the Department met Telstra each month to assess progress and deal with any issues that had arisen. Payments were made as contractual milestones were achieved.

For the Towns over 500 contract, extended delays in obtaining development approvals hindered completion of the infrastructure roll-out. Originally targeted for 2003–04, completion is now expected in August 2006. For the RTI Extended Terrestrial Mobile Phone coverage contract, program roll-out is not scheduled to be completed until November 2006.



The Mobile Phone Initiatives
Section of the Regional Branch.
Standing (L–R): Greg Lyons,
Damian Kennedy and Sue Butt.

Sitting (L–R) Sacha Isaac,
Michael Lindfield,
Mark Richens and Stella Jones.

Figure 2.35 Section 593 consumer and research grants

	2004–05			2005–06		
	Applications processed	Funded projects	Grants administered	Applications processed	Funded projects	Grants administered
Consumer grants	19	28	28	17	12	12
Research grants	13	0	1	13	2	2

Launceston Broadband Project

As outlined on page 124, funding for the Multimedia Development Lab component within the Launceston Broadband Project ended on 30 June 2006. The final report for the Project is due in the first half of 2006–07, with final payment to be made on receipt and acceptance of that report.

The \$5 million Business Development Fund component of the project was administered on behalf of the Australian Government by the Tasmanian Electronic Commerce Centre. The Fund's Funding Deed concluded on 31 January 2006 and all funding to the Centre has been finalised.

An evaluation of the Multimedia Development Lab and the Business Development Fund is scheduled for 2006–07.

Access by people with disabilities

The Department administers the National Relay Service contract in consultation with the Australian Communications and Media Authority. The Australian Communication Exchange (ACE) provided the relay service and associated outreach service during 2005–06. ACE was contracted to provide the relay service component of the NRS from 1 July 2006 and WestWood Spice won the contract to provide the NRS Outreach service from 1 July 2006.

Consumer representation

As shown in figure 2.35, 17 applications were received for consumer representation grants in 2005–06. Approval deeds to allocate funding for 12 applicants were signed in 2005–06. Thirteen applications were received for telecommunications research grants and two of those were allocated funding in 2005–06.

Consumer representation grant recipients had to meet certain milestones such as attending meetings of the Australian Communications Industry Forum committees, participating in other relevant forums and publishing journals. The milestones were considered to be met only on receipt of a satisfactory progress report.

Consumer grants and research grants acquitted in 2005–06 related to grants allocated in 2004–05.

Networking the Nation

The Networking the Nation program concluded on 30 June 2004. Over the seven years of operation, the program funded projects that addressed a range of telecommunications needs in regional, rural and remote Australia. Networking the Nation helped establish a base for further development by commercial

operators and more targeted Government programs. More recent programs, such as the National Communications Fund, the Coordinated Communications Infrastructure Fund and the Higher Bandwidth Incentive Scheme, have built on that base.

At 30 June 2006, 750 of the 762 projects funded under Networking the Nation had been acquitted.

High-quality and timely policy advice and ministerial services

The Department provided the Minister with briefings on a wide range of telecommunications and postal policy issues.

Extensive advice was provided to the Minister on policy and legislative issues relating to the sale of Telstra, enhancement of competition in the telecommunications

market and consumer protection (such as the Do Not Call Register and credit management protection). Advice was provided on specific regulatory measures relating to Telstra, including new price controls, development of the operational separation framework, Telstra's local presence plan, Telstra payphones and the network reliability framework.

Policy advice was also provided on improving access to services in regional Australia.

The Minister was briefed on technological and market developments, on their potential impact on the delivery of services to consumers across Australia and on measures to improve access to services in regional and underserved areas. The Department's success in achieving its timelines is demonstrated at figure 2.36 below.

Figure 2.36 Advice provided within agreed timeframes

Type of advice	2004–05		2005–06		Variation
	Number	% on time	Number	% on time	Difference on time (%)
Ministerial correspondence	1257	55	1124	41	–14
Briefings					
– Department initiated Minutes	295	NA	359	NA	NA
– Meeting briefs	51	64	41	61	–3
Question Time briefs	222	64	299	74	+10
Parliamentary questions on notice	18	24	17	18	–6

The Department handled a substantial increase in Ministerial briefings and Question Time briefs during the year. While timeliness in Question Time briefs improved, timeliness fell from the level achieved last year in other advice provided. The relevant areas are implementing improved oversight procedures to ensure that the appropriate standard is met in future.

Effective client satisfaction and consultation

Consistent with good policy development practice, the Department undertook consultation on a range of initiatives throughout 2005–06.

Do Not Call

A discussion paper was issued on initiatives to address unsolicited telemarketing, leading to the establishment of the Do Not Call register.

A departmental discussion paper on a possible Australian model for a Do Not Call register was released on 30 October 2005. Almost 500 submissions were received on the discussion paper. Following analysis of the submissions, a policy proposal was developed by the Department.

Connect Australia

Following the announcement of the Connect Australia package in August 2005, the Department undertook substantial consultation with key regional stakeholders, involving:

- the release of discussion papers on Broadband Connect/Clever Networks, Mobile Connect and Backing Indigenous Ability—all of which sought and elicited stakeholder comment, which the Department fully considered;

- a series of forums in all capital cities and two regional centres;
- Indigenous briefings across five states, including more remote areas;
- consultation through the National Broadband Strategy Implementation Group (NBSIG);
- state, territory and local government representatives via Online and Communications Council working groups; and
- bilateral consultations with many key industry stakeholders.

These consultations led the Government to decide to test an alternative approach to the delivery of the Broadband Connect program at this stage of its roll-out, with the Department releasing a request for expressions of interest to the industry in June 2006.

Backing Indigenous Ability

The Department released a discussion paper on Backing Indigenous Ability (BIA) on 27 March 2006 with a closing date for submissions of 19 May 2006.

The paper formed the basis of consultations with Australian and State Government portfolios as well as industry and Indigenous communities. A total of 59 written submissions were received in response to the BIA discussion paper. In addition, a series of presentations were held in selected Indigenous centres and capital cities around Australia.

Clever Networks

A discussion paper was released on 17 November 2005 for public comment. Nation-wide consultation forums on the Connect Australia package were held in late November and early December 2005. In January 2006, the Department received over 100 submissions in response to the discussion paper.

Client satisfaction survey

The Department's client satisfaction survey reported that 92 per cent of clients of the telecommunications and post areas of the Department were satisfied with the service they received during 2005–06. This figure is down on the 2004–05 figure of 98 per cent, but is consistent with the 2003–04 figure of 91 per cent. The number of respondents has continued to increase, from 54 in 2003–04 and 87 in 2004–05 to 130 in 2005–06. The larger number of survey respondents reflects an increasing breadth and depth of services that are relevant to the Department's client base. A corresponding effort is to be undertaken to ensure the increased expectations of clients are met in future.

Eighty-two per cent of clients expressed satisfaction that the Department was contributing to the objective of competitively priced and reasonably accessible telecommunications services. This figure is broadly consistent with the corresponding figures of 83 per cent in 2004–05 and 85 per cent in 2005–06, noting that the number of respondents to this question has also increased significantly.

Compliance with accountability standards

A performance audit conducted by the Australian National Audit Office of selected Telstra Social Bonus 2 and Telecommunications Service Inquiry Response Programs, including the National Communications Fund, was tabled in Parliament on 29 June 2006. The ANAO concluded that the Department's management of the seven programs subject to audit demonstrated a high level of compliance with the better practice principles of grant management.

During early 2006, the Office of Evaluation and Audit conducted an audit of the Community Phones Program part of the Telecommunications Action Plan for Remote Indigenous Communities. A final audit report had not been received by 30 June 2006.

To maintain the accountability of the Broadband Connect program, the Department continued to use audit/financial and technical consultants.

Enex Test Lab analysed in detail the technical aspects of applications from Internet service providers seeking to register under the scheme. Enex Test Lab also:

- established and hosted a data-speed testing facility;
- advised and assisted in the implementation of a data-speed testing regime to ensure the scheme's providers met minimum requirements under the scheme and to allow customers to test their service speeds; and
- undertook and reported on data-speed testing of Broadband Connect providers.

These activities helped ensure compliance with the scheme's overall objectives.

WalterTurnbull provided expert advice on the financial viability of applicants seeking to register under Broadband Connect as well as undertaking regular scheduled audits and ad hoc audits as necessary. This helped the Department to ensure that the providers registered with Broadband Connect had the financial resources to continue providing services for the program's four-year term, as well as ensuring registered providers' compliance with the Broadband Connect funding deeds and guidelines.

Research and analysis activities contribute to corporate objectives

Spatial Data Network

The Department's geographic information system, the Spatial Data Network, provided a valuable tool in the analysis and presentation of data relating to telecommunications and other initiatives in regional, rural and remote areas.

The network collects spatial and other data from departmental line areas, telecommunications carriers, service providers and state and territory governments, as well as acquiring base geographic data commercially. The Spatial Data Network has supported the Broadband Connect program, providing online maps so that people can see whether they are eligible under the scheme and can find Broadband Connect approved broadband service providers in their area.

The network was also used to determine priority areas for funding support under the Telecommunications Action Plan for Remote Indigenous Communities programs for Internet access and community phones.

Communications Technologies

Ovum Pty Ltd provided the Department with a report identifying and describing the effect of communications technologies likely to be developed and available in the Australian market over the next three to five years that would be relevant to Connect Australia programs. The report has been used to inform consideration of technical issues relating to Connect Australia.

Effective budget management

As identified in the resources for outcome table on page 94, the overall price of output 3.1 was \$30.293 million.

Regular evaluation of the budget outcome is conducted with managers and commentary on variations between budget, expenditure and forecasts are provided to senior management on a monthly basis.

Evaluations

Consumer and Research Grants

The telecommunications consumer representation and research grants are evaluated each year and project final reports are examined annually and analysed against the requirements of their funding deeds. This involves consulting stakeholders as appropriate.

National Communications Fund

A final evaluation of the National Communications Fund was commenced and substantially completed during 2005–06. The evaluation is to be finalised in 2006–07.

Satellite Mobile Phone Subsidy Scheme

A mid-term evaluation of the Satellite Mobile Phone Subsidy Scheme was undertaken by the Department's Research, Statistics and Technology Branch to examine the Scheme's appropriateness, efficiency and effectiveness against its strategic and operational objectives. The Scheme's overall administration and achievement of outcomes was also evaluated. The mid-term evaluation covered the period from August 2002 to May 2005 and included extensive

consultations with satellite phone dealers and carriers, and a survey of applicants. The evaluation informed the changes to the scheme announced by the Minister in May 2006.

Community Phones Trial

A preliminary evaluation of the Community Phones Trial was made in early 2006. The evaluation assessed the trial's suitability for Indigenous communities and the procedures that were followed to plan, provide and maintain the services. An expert contractor conducted the review including visits to selected Indigenous communities on the Dampier Peninsular and Central Australia in March 2006. The evaluation reported that the Community Phones Program was successful and having a positive impact on communities, and identified possible enhancements to the program that are being progressively implemented. A final evaluation will be made later in 2006, bringing together results of the two evaluations.

Output 3.2

Policy advice and program management which promote accessible high-quality broadcasting services

High-quality program administration

Television Black Spots program and Television Black Spots—Alternative Technical Solutions program

As figure 2.37 indicates, there were no applications processed under the Television Black Spots Program following its closure on 30 June 2005. Arrangements were made to allow for the completion of outstanding projects after that date.

The Alternative Technical Solutions program administered nine grants during the year.

As figure 2.38 indicates, all of the milestones required in 2005–06 for both programs were met.

During the year, the Department worked actively with the coordinating bodies to encourage them to acquit projects but in some cases delays were unavoidable, particularly where the projects were located in isolated regions.

Figure 2.37 Television Black Spots/Alternative Technical Solutions grants

	2004–05			2005–06		
	Applications processed	Funded projects	Grants administered	Applications processed	Funded projects	Grants administered
Television Black Spots Program: new services	4	10	100	0	4	42
Television Black Spots Program: replacement of obsolete equipment	0	0	1	0	0	1
Alternative Technical Solutions	4	4	6	4	3	9

Figure 2.38 Television Black Spots—Alternative Technical Solutions milestones met and grants acquitted

	2004–05				2005–06			
	Milestones met		Grants acquitted		Milestones met		Grants acquitted	
	%	No.	%	No.	%	No.	%	No.
Television Black Spots program: new services	81	29	39	22	100	6	25	35
Television Black Spots program: replacement of obsolete equipment	100	1	0	0	0	0	0	1
Alternative Technical Solutions	33	1	100	2	100	3	100	2

Commercial Radio Black Spots program

In 2005–06, the Minister for Communications, Information Technology and the Arts approved four projects as part of the sixth and final round of the Commercial Radio Blackspots Program. The four-year program concluded on 30 June 2006. There have been 109 successful projects funded under the program with projects located in all states and the Northern Territory.

Funding for the Commercial Radio Blackspots program was extended into 2005–06 to allow outstanding eligible projects to be completed. Accordingly, as shown in figure 2.39, no new invitations to submit projects were considered in 2005–06, although four projects from

previous submissions were approved during the year. A further 73 projects were managed throughout the year.

Figure 2.40 shows that, in 2005–06, only 8.7 per cent of milestones were met, reflecting the failure of recipients to meet project completion milestones. However, the majority of grant recipients subsequently complied with requirements in the reporting period. The Department worked actively with recipients to encourage them to meet milestones and acquit projects on time, but delays were experienced, particularly where the projects were in more remote areas.

Seventeen projects originally approved in 2003–04 (11), 2004–05 (four) and 2005–06 (two) were surrendered in 2005–06.

Figure 2.39 Commercial Radio Black Spots program grants administered

	2004–05			2005–06		
	Applications processed	Funded projects	Grants administered	Applications processed	Funded projects	Grants administered
Commercial Radio Blackspots program	0	19	102	0	4	73

Figure 2.40 Commercial Radio Black Spots program milestones met and grants acquitted

	2004–05				2005–06			
	Milestones met		Grants acquitted		Milestones met		Grants acquitted	
	%	No.	%	No.	%	No.	%	No.
Commercial Radio Blackspots program	74	28	96	23	8.70	2	10.6	47

ABC and SBS digital interference scheme

In 2005–06, the Department transferred funds from the Scheme to the ABC and SBS to cover costs the national broadcasters had incurred in relation to the Interference Management Strategy. All such invoices or payment requests received by the Department were approved by 30 June 2006.

National Transmission Network residual funding pool

Five grants were provided for community and remote commercial broadcasters and Radio for the Print Handicapped. No applications were required as the grants reflect arrangements agreed at the time of the sale of the National Transmission Network.

As shown in figure 2.41 below, in 2005–06 all 12 milestones were met by the target date.

Figure 2.41 National Transmission Network residual funding pool milestones met and grants acquitted

Year	Milestones met		Grants acquitted	
	%	No.	%	No.
2005–06	100	12	100	5
2004–05	79	11	100	5
2003–04	17	2	100	5

Figure 2.42 Community broadcasting milestones met and grants acquitted

Year	Milestones met		Grants acquitted	
	%	No.	%	No.
2005–06	100	3	100	1
2004–05	100	5	100	2
2003–04	70	7	100	1

Community broadcasting

Community broadcasting is not an application-based program. Funding to the community broadcasting sector is provided through the Community Broadcasting Foundation—an independent, non-profit company. In 2005–06, \$7.6 million was paid to the Foundation for allocation and distribution.

In 2005–06, all three milestones were met within the required timeframe (see figure 2.42).

Indigenous broadcasting

The Indigenous Broadcasting Program supports culturally appropriate Indigenous community radio services in capital cities and regional centres.

There was a decrease in projects funded in 2005–06 compared with 2004–05, as a number of applications for 2005–06 funding did not meet program guidelines. In this context, the number of grants administered, which includes funded projects and grants acquitted throughout the year, has also decreased slightly (see figure 2.43).

Figure 2.43 Indigenous broadcasting grant administration

	Applications processed	Funded projects	Grants administered	Change over time for grants administered
2004–05	133	111	187	NA*
2005–06	129	87	180	–4%

* Figure not available as this program was previously managed by Aboriginal and Torres Strait Islander Services (ATSIS).

Figure 2.44 Advice provided within time frames

	2004–05		2005–06		Variation
Type of advice	Number	% on time	Number	% on time	Change in % on time
Ministerial correspondence	877	68	1198	48	–20
Briefings					
– Department initiated Minutes	262	86	252	89	+3
– Meeting briefs	68		61		
Question Time briefs	156	82	218	75	–7
Parliamentary questions on notice	36	34	28	64	+30

Regional Equalisation Plan

The Department paid cash grants under the Regional Equalisation Plan totalling \$660 000 in 2005–06 in line with the pre-determined schedule.

NetAlert Limited

Under the funding agreement between the Australian Government and NetAlert, the Department must approve NetAlert's annual work plan before it can allocate annual funding. In 2005–06 \$1.876 million was paid to NetAlert.

High-quality and timely policy advice and ministerial services

The Department provided a wide range of direct support services to the Minister during the year (see figure 2.44). The majority of correspondence received by the Minister on broadcasting issues related to ABC funding and Board appointments, the availability of digital and analogue television reception, changes to the availability of satellite based television reception, conversion of community television to digital and a range of other matters about radiocommunications. A significant reason for the decline in meeting time requirements for Ministerial correspondence was

the need to delay responding to correspondence about ABC funding until the Budget was delivered.

During the year, major issues on which policy advice to the Minister was provided included media ownership reform, the digital television framework, the anti-siphoning regime, the establishment, operation and regulatory powers of the Australian Communications and Media Authority, the framework for the introduction of digital radio and the regulation of online and broadcasting content.

The Department also provided advice to the Minister on issues relating to funding, accountability and governance of the national broadcasters (including complaints handling and audience consultation) as well as on a range of matters relating to the community television and radio sectors.

Radiocommunications matters on which advice was prepared included legislative instruments required for the auction of spectrum for broadband wireless access services, the implications of technological developments in mobile telephone jamming devices and the trialling and regulation of the delivery of broadband over electricity power lines.

Effective client satisfaction
and consultation

As outlined in Figure 2.45, the Department undertook five major reviews relating to broadcasting.

In May 2006, the Department convened a forum to consult with Indigenous broadcasting clients on proposed changes to the Indigenous Broadcasting Program guidelines. More than 60 representatives attended the two-day event.

On 8 November 2005, the Minister released a discussion paper on possible reforms to the broadcasting regulatory powers of ACMA and 12 submissions were received.

The Department conducted a public consultation process via its website as part of the ABC Funding Adequacy and Efficiency Review and received 52 submissions on the review's terms of reference (see case study, page 163).

Compliance with
accountability standards

Following the introduction of more stringent reporting requirements in the previous year, there were no recorded instances of payments relating to funding deeds made in excess of 30 days during 2005–06.

Figure 2.45 Broadcasting reviews

Review subject	Consultation paper issued	Number of submissions received
Proposed reforms to the broadcasting regulatory powers of the Australian Communications & Media Authority	November 2005	12
ABC Funding Adequacy and Efficiency	December 2005	52
Driving Digital: A review of the duration of the analogue/digital television simulcast period	September 2005	34
Meeting the digital challenge—Reforming Australia's media in the digital age	March 2006	222
Review of Indigenous Broadcasting Program	April 2006	18

Case study

Funding review sees extra \$88 million for new ABC initiatives

The Australian Broadcasting Corporation (ABC) has a history spanning more than 70 years and delivers TV, radio and online services to millions of viewers and listeners each week.

In 2004, the Government made an election commitment to review the adequacy and efficiency of the ABC's use of funding. The terms of reference for the review included considering the ABC's legislative obligations, its structure and regional activities, its range of services and the impact of the changing media environment.

KPMG worked closely with the ABC and the Department to conduct the review. Fifty-two public submissions were made from groups including the Screen Producers Association of Australia, the Australian Screen Directors Association, the Media Entertainment and Arts Alliance, the Australian Film Commission, the Australia Council, and Friends of the ABC organisations from around Australia.

The review was finalised in February 2006 and was a key input into the 2006–07 Budget process which saw the ABC receive additional funding of \$88.2 million up until 2009.

The ABC received \$45 million to help improve its capital asset base by purchasing new equipment to replace old or outdated equipment, particularly in its studios outside Sydney and Melbourne.

A further \$30 million was provided over three years for new Australian television content production. Through this, the ABC will establish an independent commissioning arm to invest in high-quality drama and documentaries from the Australian independent production sector, and to help address the reduction in Australian content on ABC TV over recent years.

Funding for the ABC's successful Regional and Local Programming initiative was increased by \$13.2 million, bringing total funding for this initiative to \$68.7 million for 2006–09. The Regional and Local Programming initiative has already resulted in more ABC regional radio stations, further radio and television program production in regional areas, and expanded online content.



Research and analysis activities contribute to corporate objectives

The Department conducts research, analysis and forecasting support on digital broadcasting issues, as well as on a range of policy and technical developments, including international developments, in digital television and radio.

During 2005–06, the number of ‘hits’ on pages concerning broadcasting and online content matters was 298 984. This is an increase of 108 729 over 2004–05. The most popular single item, with 5929 hits, was the digital review page concerning the provision of commercial television services.

Effective budget management

As identified in the resources for the outcome table on page 94, the overall price of Output 3.2 was \$43 000 (or 0.3 per cent) over budget.

Prior to 2005–06, payments to the Community Broadcasting Foundation were made from departmental appropriations (except for Training and Transmission support). In 2005–06, all \$7.5 million provided to the foundation was paid from administered appropriations. This change provides greater transparency for Government funding of the community broadcasting sector.

Managers conduct regular evaluation of budget outcomes and commentary on any variations between budget and expenditure is provided to the Department's Executive Management Group on a monthly basis. The commentary also includes forecasting of budget trends where possible.

Output 3.3

Policy advice and program management that assists the development of the information and communications technology industry

High-quality program administration

Advanced Networks Program, National ICT Australia and ICT Incubators

The Department continued the administration of funding agreements under the Advanced Networks Program with each of the three projects, CeNTIE, GrangeNet and m.Net, reflecting the extension of funding provided for the program for the three years commencing 2004–05. During the year, the three projects met all of the 41 milestones required in their funding agreements.

The Department and the Australian Research Council (ARC) continued to administer funding for the ICT Centre of Excellence, National ICT Australia (NICTA), comprising \$124.8 million over 2001–02 to 2005–06. A new funding agreement was negotiated with NICTA in May 2006 to provide an additional \$249.48 million over five years to 30 June 2011.

In 2005 the Department and the ARC engaged a panel of experts chaired by Dr Ian Chessell to review NICTA's progress in establishing, managing and operating the ICT Centre of Excellence. The review concluded that NICTA had made major



The Industry Structure and Initiatives Section.
(L–R): Clare Dickeson,
Colleen Mate,
Tristan Kane.

progress in its establishment phase and had met its agreed milestones with the Australian Government. Recommendations from the review were used in the development of the new five-year funding agreement signed in May 2006.

Under the ICT Incubators program, eight funding agreements were administered in 2005–06. These were multi-year funding agreements signed in 2004–05. Up to 31 March 2006, 100 per cent of the originally agreed milestones were met.

Backing Australia’s Ability

The Department continued to support activities that enhance the underlying innovation infrastructure supporting the development of ICT capabilities, particularly through initiatives under Backing Australia’s Ability.

By 30 June 2006, funding agreements for all nine projects under the IT Training and Technical Support program, which assists people in very remote areas of Australia to receive basic ICT training and technical support, were signed and all projects were underway. In addition, all of the National

Communications Fund projects were completed, aside from three outstanding final acquittals and administration of the eight ICT incubators continued across Australia, providing seed capital and business support services to innovative information and communications technology start-up companies.

High-quality and timely policy advice and ministerial services

The Department provided significant direct support to the Minister on ICT related matters (see figure 2.47).

Timeliness figures are measured against a two-week turnaround target. This is the third year this performance information has been collected and results for 2005–06 have shown improvements over the previous years.

The key issues raised through ministerial correspondence included program implementation matters and general ICT industry development policy and assistance.

Figure 2.46 Program expenditure 2005–06

Program	Expenditure (\$m)
Advanced Networks Program	7.038
National ICT Australia	23.500
ICT Incubators	10.553

The Department supported a large number of meetings between the Minister and stakeholders and provided advice on a range of policy issues. In 2005–06 these issues included:

- implementing ICT initiatives as part of the Backing Australia's Ability innovation package;
- advising on areas of industry concern such as skills demand and supply, employment, professionalism and ICT research and development; and
- providing background and key trends in the domestic ICT industry.

Effective client satisfaction and consultation

Consultation was undertaken through the Women in ICT Advisory Group and the ICT Skills Foresighting Working Group. The Department also consulted widely with industry, the education sector and relevant government agencies on relevant programs and policy development including ICT incubators, the 'partICipaTION Summit', industry development plans, and the Government's policy to cap liability for suppliers in Australian Government ICT contracts.

The annual client satisfaction survey conducted by the Department found that all of the 23 people who had both responded to the survey and dealt with the Department on ICT matters were satisfied with the services provided.

Figure 2.47 Advice provided within timeframes

Type of advice	2004–05		2005–06		Variation
	Number	% on time	Number	% on time	Difference on time (%)
Ministerial correspondence	110	59	91	67	+8
Briefings					
– Minutes initiated by DCITA	59	NA	56	NA	NA
– Meeting briefs	33	90	23	92	+2
Question Time briefs	85	68	52	75	+7
Parliamentary questions on notice	0	NA	1	100	

Compliance with accountability standards

In 2005–06, the Australian National Audit Office conducted a performance audit of selected Telstra Social Bonus 2 and Telecommunications Service Inquiry response programs. The programs audited were the BITS Incubator Program and its extension the ICT Incubator Program, the Advanced Networks Program and the extended ANP2 program, the Intelligent Island program, the National Communications Fund and the Mobile Phones for Towns over 500 program. The report was tabled in Parliament in June 2006.

The ANAO concluded that the Department's management of the seven programs demonstrated a high level of compliance with the better practice principles of grant management. The report made two recommendations on program extensions and risk management by grantees managing complex or high-risk operations. The Department will be implementing these recommendations as appropriate.

Research and analysis activities contribute to corporate objectives

To ensure that the Department's policy advice is based on sound analysis and understanding of the ICT sector, the Department conducts its own internal research and commissions external research as required to address specific issues.

In 2004–05, ICT-related research and analysis focussed particularly on an improved understanding of the ICT innovation system and on the broader economic contribution of ICT to innovation policy.

Key employment trends in the sector, the supply and demand for skills, and ICT research and development were tracked as a basis for providing policy advice. A joint government, industry and education sector advisory group is considering the findings of an ICT skills foresighting study and other investigations undertaken by the Department into the ICT skills market.

External research undertaken in 2005–06 included examining the level of involvement of small and medium enterprises in Australian Government ICT contracts, ICT production and innovation in Australian small and medium enterprises, and a study of Australia's software industry and vertical applications markets.

Effective budget management

As identified in the resources for outcome table on page 94, the overall price of Output 3.3 was \$177 000 (2.4 per cent) above budget due to higher-than anticipated expenditure on salary.

Managers conduct regular evaluations of budget outcomes, and commentary on variations between budget and expenditure is provided to the Department's Executive Management Group on a monthly basis. The commentary also includes forecasting of budget trends where possible.

Output 3.4

Policy advice on intellectual property issues which supports the objectives of the portfolio, including encouraging the growth of the information economy, the production of content and the promotion of reasonable access to research and cultural materials

As a result of changes in portfolio responsibilities, this is the last time that Output 3.4 will be reported on by this Department. Following the 2004 election the Attorney-General's Department has responsibility for the administration of copyright. The Department provides coordination and policy advice on intellectual property (IP) issues which relate to the portfolio.

High-quality and timely policy advice and ministerial services

The decline in volume of policy advice, ministerial correspondence and briefs provided by the Department is consistent with the changes to portfolio responsibilities in this area (see figure 2.48).

Figure 2.48 Advice provided within timeframes

	2004–05		2005–06		Variation
Type of advice	Number	% on time	Number	% on time	Difference on time (%)
Ministerial correspondence	18	34	NA	NA	NA
Briefings					
– Departmental initiated Minutes	21	NA	16	NA	NA
– Meeting briefs	5	100	3	100	0
Question Time briefs	49	88	39	72	–16
Parliamentary questions on notice	0	NA	0	NA	NA

During this time, the Department provided briefs on complex issues for the Minister and other government agencies, including on fair use, the digital agenda review and on the implementation of Australia's remaining obligations associated with the Australia–United States Free Trade Agreement.

The Department also continued to work on a range of IP issues including legal deposit, Indigenous IP and the proposed World Intellectual Property Organisation broadcasters' treaty.

In undertaking this role, the Department worked closely with other agencies including the Attorney-General's Department and IP Australia.

The Department also provided advice on IP matters to portfolio agencies, and responded to stakeholder representations.

Effective client satisfaction and consultation

During the reporting period, the Department consulted primarily with portfolio agencies and other government agencies and departments.

Consultation included key issues such as fair use, the digital agenda review and the development of a whole-of-government approach for IP management.

The Department also made representations to the House Standing Committee on Legal and Constitutional Affairs' *Inquiry into Technological Protection Measures Exceptions* through a written submission and an appearance before the Committee. These representations were designed to reflect the key issues affecting portfolio

agencies in relation to Technological Protection Measures exceptions and the remaining obligations of the Australia–United States Free Trade Agreement. The Department also continued to consult closely with portfolio agencies to inform them of, and seek their views on, a range of IP issues. As stated above, the Department worked closely with the Attorney-General's Department throughout the reporting period in fulfilling its portfolio coordination and advisory responsibilities.

Compliance with accountability standards

In 2005–06, the Department continued to work with the Attorney-General's Department and IP Australia to develop a whole-of-government approach to intellectual property management in response to the Australian National Audit Office Report No. 25, *Intellectual property policies and practices in Commonwealth agencies*. As part of this process, the 2001 IT IP Guidelines are also being reviewed and incorporated within a broader intellectual property manual for government agencies.

In line with the streamlined copyright responsibility arrangements, responsibility for this issue has now passed to the Attorney-General's Department. The Department has remained actively involved in developing the whole-of-government approach, particularly as it relates to the information technology sector.

Research and analysis activities contribute to policy development

Research and analysis activities form an essential part of the policy process. During the reporting period, the Department continued to research the practices of collecting institutions and public broadcasters, legal and policy issues on the ‘fair use’ of copyright material, and copyright laws and practices in an international context. The results of the research assisted in informing the Government’s approach to recent copyright policy reforms.

Effective budget management

As identified in the resources for the outcome table on page 94, the overall price of Output 3.4 was \$1.595 million.

Managers conduct a regular evaluation of budget outcomes, and commentary on variations between budget and expenditure is provided to the Department’s Executive Management Group on a monthly basis. The commentary also includes forecasting of budget trends where possible.

Output 3.5

Strategic advice, activities and representation relating to Australia's development as an information economy, nationally and internationally

High-quality program administration

Information Technology Online

The Information Technology Online (ITOL) program is a competitive funding program designed to accelerate national adoption of e-business solutions, especially by small and medium enterprises, across a broad range of industry sectors and geographic regions.

A total of 73 applications were received in one funding round held in 2005–06. Funding agreements for 12 new projects involving 81 organisations were finalised in 2005–06.

Twelve projects from the agriculture, theatre, arts and craft, transport, health, construction and building sectors were awarded funding to the value of \$1.965 million in round 14. All round 14 projects are expected to be completed by 30 June 2007.

An internal survey of ITOL funding recipients found that departmental staff are seen as helpful and courteous and that recipients found feedback from them as valuable and timely. Recipients rated the program's application process, reporting requirements and administration positively for clarity, simplicity and modest cost compared to other government funding programs.



Information Technology
Online Team. (L–R):
Katelijne Van Landeghem,
Anne Liddell, Lillian Chan.

In addition, strong interest in the program is shown by the large number of applications received, the increase in the number of *ITOL News* subscribers and the number of hits on the program's web pages.

High-quality and timely policy advice and ministerial services

The Department provided 91 per cent of its briefings on information economy issues to the Minister's office on time (figure 2.49). Sixty-eight per cent of responses to Ministerial correspondence were completed on time, which represents a deterioration against last year's performance (80 per cent) and enhanced reporting and tracking arrangements have been put in place to reverse this trend.

Seventy-four per cent of Question Time briefs and all Parliamentary Questions on Notice were completed on time.

Effective client satisfaction and consultation

According to the Department's client survey, overall satisfaction with the Department's information economy activities remained high with 97 per cent of respondents reporting client service was 'satisfactory', 'good' or 'excellent'.

The Department has actively consulted with industry stakeholders on a range of information economy policy issues. These include e-business, e-research, innovation policy, the contribution made by information and communications technology towards productivity and statistical and other measurement issues. Meetings and briefings seeking views of stakeholders were held throughout the year.

A call for public submissions in relation to the review of the E-Security National Agenda was made on 30 March 2006,

Figure 2.49 Advice provided within timeframes

Type of advice	2004–05		2005–06		Variation
	Number	% on time	Number	% on time	Difference on time (%)
Ministerial correspondence	61	80	60	68	–12
Briefings					
– Departmental initiated minutes	58	100	77	91	–9
– Meeting briefs	3		11		
Question Time briefs	40	72	35	74	+2
Parliamentary questions on notice	0		1	100	

in conjunction with the review's announcement by the Minister for Communications, Information Technology and the Arts, the Attorney General, the Minister for Defence and the Special Minister for State.

During the development of the *Spam Act 2003*, a requirement was built into the legislation for a review of its operation after two years. The review involved release of an issues paper in December 2005 inviting public comment on the operation of the Act. The Department prepared a report based on the input received during consultations. The Minister presented the report to Parliament in June 2006.

The Department continued to update the e-business guide website by developing and incorporating new information and resources such as fresh case studies and the *Getting Started* booklet. The Department also sponsored a very successful series of e-business seminars for small businesses.

In relation to spyware, the Department continued to work closely with both industry and law enforcement agencies, co-hosting a law enforcement workshop in November 2005 with the Australian High Tech Crime Centre. A further workshop to promote the responsible and ethical use of legitimate software, such as adware and cookies, was held in collaboration with the Australian Direct Marketing Association and the Internet Industry Association in May 2006.

Compliance with accountability standards

The ITOL program methodology is consistent with the Departmental *Practical Guide to Program Administration* (April 2005). The Practical Guide is based on principles detailed in the Australian National Audit Office's (ANAO) *Better Practice Guide: Administration of Grants* (May 2002).

The Department maintains frequent contact with grant recipients to ensure that reporting requirements are met. An evaluation of rounds 6 to 11 of the program was conducted.

Research and analysis activities contribute to corporate objectives

The Department also produces a number of statistical publications on the information economy. In November 2005, it published *Current State of Play 2005*, which has been a useful tool for disseminating information about the development of Australia as an information economy.

The Department broke new ground in relation to the measurement of trust and security issues with the release of *Trust and Growth in the Online Environment* published in December 2005. Trust and security were identified as major priorities in the earlier policy document, *Australia's Strategic Framework for the Information Economy 2004–2006*. The *Trust and Growth in the Online Environment* report will make a significant contribution to raising awareness of online trust issues amongst providers and users of online services and will contribute to international research in this area. Consumer focus group studies were also undertaken during the year to further

explore trust and security attitudes and practices. This research will become available in 2006–07.

The significance of this research was recognised when the Department was invited to participate in a new Reference Group on Productivity Measurement convened by the Australian Bureau of Statistics (ABS). The Department has continued to work closely with the ABS to ensure that key statistical information continues to be available to inform future policies.

The Department worked with the e-Research Coordinating Committee to prepare a report entitled *An Australian e-Research Strategy and Implementation Framework*. The report considers key issues that will impact on Australia's ability to develop and broadly adopt e-research capabilities. It also sets out a framework for addressing these issues in a cohesive way to better inform decision making at the government, funding agency and institutional levels. The Department has been an active member of the e-Research Coordinating Committee since its inception in May 2005.

During 2005–06, the Department continued to work closely with consultants and researchers to investigate the links between ICT and productivity growth. That work shows further evidence that the impact of ICT has been significantly underestimated, largely because conventional methodologies for measuring productivity are not sensitive to the lagged impact of investment in ICT. The studies also indicate that between 59 and 78 per cent of Australia's recent productivity growth can be attributed to technological factors.

The Department, together with consultants and researchers, has produced six reports on ICT productivity this year:

- *Productivity Growth in Service Industries;*
- *ICT and Australian Productivity: Methodologies and Measurement;*
- *Estimating Aggregate Productivity Growth for Australia: the role of information and communication technology;*
- *Forecasting Productivity Growth: 2004 to 2024;*
- *General Purpose Technologies and the Information Economy: an evolutionary approach to macroeconomic modelling* (to be published); and
- *The economic impact of ICT R&D: a literature review and some Australian estimates* (to be published).

The Department's productivity research findings were presented to a meeting of the Committee for Information, Computer and Communications Policy of the OECD in October 2005.

The Department also produced a number of internal and public papers on information economy issues. For example, *Exploration of Future Electronic Payments Markets*, released in June 2006, presents the results of a major survey of consumers and businesses on their perceptions of different payment methods and their actual payment practices.

It provides a detailed examination of domestic and international market developments, with a particular focus on business-to-business e-commerce, peer-to-peer and device-to-device transactions, mobile commerce and micro payments—areas where gaps in the electronic payments system appear to be emerging. It also identifies potential development pathways to a more efficient e-payments marketplace.

Effective budget management

As identified in the resources for outcome table (page 94), the overall price of output 3.5 was below the budgeted allocation of \$14.041 million by \$.358 million (approximately 2.5 per cent). This was largely attributable to a significant underspend on staff expenses due to the latency between vacancies arising and the completion of recruitment activity as well as the difficulties in attracting and retaining strong fields of candidates. Towards the end of the reporting period, revised recruitment strategies had largely corrected these trends.

Regular evaluation of the budget outcome is conducted with managers and commentary on variations between budget, expenditure and forecasts are provided to senior management on a monthly basis.

03

Management and accountability



Management and accountability

Operational and strategic support to the executive and staff is provided by the Department's three corporate areas: Corporate and Business Division, Legal Group and Finance and Budgets Group. Issues covered by these areas include human resources, governance, public affairs, whole-of-government policy coordination, parliamentary liaison, information technology, facilities and records management, regional network services, legal advice, freedom of information, and resource management and budgeting.

Corporate governance

Overview

Strengthening of the governance framework and procedures continued in 2005–06.

Major achievements included:

- the release of the *Practical Guide to Program Administration*, which was developed in the previous year as a hands-on, interactive tool on the Department's intranet;
- the release/revision of 16 procedural rules, including key governance rules on management of conflict of interest and receipt of gifts, complaints handling and insurable risks;
- enhancement of business continuity planning through the commencement of work on a pandemic plan for the agency;
- commencement of a review of the Department's risk management policies and procedures to further integrate risk management principles into business processes; and
- incorporation of governance issues into the Department's new capability programs.

The organisation staff survey planned for 2005–06 was held over until 2006–07 to allow the new departmental structure, implemented on 1 July 2006, to be bedded down. One objective of this survey is to gauge staff awareness and understanding of corporate governance obligations and requirements. Feedback will be used to further refine corporate governance training courses and related products including publications.

The departmental restructure will also require the Department to review its output structure and corporate plan. This work is planned for early 2006–07.

Senior management and coordinating committees

Eight senior management and three cross-departmental coordinating committees operated during the reporting period. These committees provided advice and support to the Secretary and to the Department's executive on governance, compliance and future directions. The senior management committees are outlined in figure 3.1.



Members of the Department's Executive Management Group.

Front row (L–R): Lynn Bean, Acting Deputy Secretary, Arts and Sport; Helen Williams, Secretary; Fay Holthuyzen, Deputy Secretary, Communications; Rod Badger, Deputy Secretary, Information Economy. Middle row (L–R): Jennifer Gale, Chief Financial Officer; Don Marcus, General Counsel; Jenny Anderson, Beverly Hart. Back row (L–R): Simon Pelling; Frank Nicholas, Chief Operating Officer; James Cameron, Colin Lyons; Rohan Buettel (attending on behalf of Keith Besgrove).

Figure 3.1 Senior management committees

Committee name	Role and activities	Membership as at 30 June
Executive Group (meets about every three weeks)	The Executive Group considers matters affecting the overall operation and strategic direction of the Department. In 2005–06, the group discussed a range of organisational development matters such as succession planning, learning and development opportunities for departmental staff, and improving ways of working together with other government agencies.	The Secretary (chair), deputy secretaries and the Chief Operating Officer.
Executive Management Group (EMG) (meets weekly)	The EMG is the main forum in which the Department's governance and accountability needs are discussed by the senior executive. The group monitors the financial and non-financial performance of departmental and administered programs, shares information about major projects and activities in the Department and receives regular reports from the management subcommittees.	The Secretary (chair), deputy secretaries, General Counsel, all chief general managers, the Chief Operating Officer and the Chief Financial Officer.

Figure 3.1 Senior management committees (continued)

Committee name	Role and activities	Membership as at 30 June
<p>Executive Management Group (EMG) (meets weekly) <i>continued</i></p>	<p>In 2005–06, it contributed to the development of several departmental policies including a new recruitment and retention strategy, a portfolio emergency response guide, a workplace giving program and security policies. Towards the end of the year, the group worked on implantation of a new departmental structure while minimising disruptions to Government business. Throughout the year, it received regular reports on the progress of Indigenous policy and programs and a monthly Regional Network report covering activities, events and issues affecting departmental officers working in rural and regional areas.</p>	
<p>Audit, Risk and Evaluation Committee (meetings held 25 August 2005 [special], 15 September 2005, 8 December 2005, 9 March 2006, 5 May 2006 [special], 15 June 2006)</p>	<p>The Audit, Risk and Evaluation Committee, in accordance with the FMA Act, provides independent advice to the Secretary on the Department's control frameworks, externally published financial information and compliance with statutory obligations.</p> <p>The committee considered a range of issues during the year, including the Department's 2005–06 Internal Audit Plan, fraud and risk plans for 2005–07, business continuity planning, and oversight of the ANAO and internal audit report recommendations.</p> <p>Special meetings of the committee were held on 25 August 2005 to approve the Department's 2004–05 financial statements and on 5 May 2006 to approve the appointment of a new internal auditor for the Department.</p>	<p>The Deputy Secretary Communications (chair), Mr Peter Kennedy, external member (Integrity Adviser Australian Taxation Office), Chief Operating Officer, General Manager Public Broadcasting, General Manager Enterprise and Infrastructure, and General Manager Collections.</p> <p>Representatives from the Australian National Audit Office, the Department's internal auditors (KPMG), the Chief Financial Officer, General Counsel and General Manager Content and Programs Old Parliament House attend committee meetings as observers.</p>

Figure 3.1 Senior management committees (continued)

Committee name	Role and activities	Membership as at 30 June
<p>Workplace Consultative Committee (WCC)</p> <p>(meetings held 22 September 2005, 24 November 2005, 30 March 2006 and 22 June 2006)</p>	<p>The WCC is established under the Department's current certified agreement (CA) as a direct consultative mechanism with staff. WCC staff representatives provide advice to management on workplace issues and are involved in monitoring implementation of the certified agreement and progress toward achievement of the pre-conditional salary increase components specified in the CA. During the year, the committee considered a range of issues including development of the Regional CA, OH&S issues, the review of arrangements for rostered staff, introduction of the School Leavers Program, core training and development programs, the restructure of the Department, working arrangements for Executive Level staff and car parking.</p>	<p>The Secretary, (Chair), Chief Operating Officer, Chief Finance Officer, Manager HR Strategy, Manager HR Operations, elected staff representatives from each Division, Old Parliament House, the Regional Network, the Department's Graduate Program, and CPSU representation.</p>
<p>Occupational Health and Safety (OH&S) Committee</p> <p>(meetings held 5 August 2005, 4 November 2005, 3 February 2006 and 30 June 2006)</p>	<p>The OH&S Committee reports to the WCC on the Department's progress in meeting its OH&S responsibilities.</p> <p>The Committee reviewed, discussed and made recommendations on a range of issues throughout the year. These included training for health and safety representatives, the Department's annual Health Week; continued incident and accident reports and actions, roll-out of a software tool to assist with the prevention and management of overuse injuries and the introduction of emergency procedures information for all staff.</p>	<p>General Manager, Research, Statistics and Technology (chair), Manager HR Operations and elected health and safety representatives from each designated work group (currently 12).</p>

Figure 3.1 Senior management committees (continued)

Committee name	Role and activities	Membership as at 30 June
<p>Information Management Committee (IMC)</p> <p>(meetings were held 7 September 2005, 17 November 2005, 1 March 2006 and 1 June 2006)</p>	<p>The IMC provides advice and strategic direction to the Executive Management Group on the management of the Department's information technology needs. The committee considered a range of issues during the year, including desktop hardware replacement, the electronic records management (TRIM) system uptake, the financial and budgeting system (SAP) upgrade, website and intranet infrastructure, and application development within new architecture.</p>	<p>Chief Operating Officer (Chair), General Manager Information Technology and Facilities, General Manager Access, Chief Financial Officer, General Manager Licensed Broadcasting, General Manager Film and Digital Content, General Manager ICT Industry, General Manager Broadband Infrastructure, Senior Advisor Legal Group and the Executive Coordinator.</p>
<p>Human Resource Management Committee (HRMC)</p> <p>(meetings held 1 September 2005, 14 November 2005, 1 December 2005, 16 March 2006 and 8 June 2006)</p>	<p>The HRMC provides strategic advice and direction in the development and management of the Department's human resource initiatives. The HRMC guides the development of the HR strategies and is responsible for reporting to the Secretary and EMG on progress against the HR Strategic Directions 2006–10 and for monitoring the Department's progress against the Management Advisory Committee Report—Managing and Sustaining the APS Workforce.</p> <p>The committee considered a range of issues including management of a recruitment consultancy, review of entry-level recruitment (including the 2006 and 2007 graduate programs and development and implementation of a pilot recruitment program for school leavers for 2006), development and implementation of capability programs for staff at the APS 1–4 and APS 5–6 levels, management of the Department's compensation premium, various HR policies, the performance of the Department's payroll provider and consideration of workforce metrics and trends.</p>	<p>Chief Operating Officer (Chair), General Manager Arts, Regional and Governance, General Manager Broadband Infrastructure, Chief General Manager Information Economy, General Counsel Legal Group, Chief General Manager Broadcasting, General Manager Creators' Rights and Access, General Manager Corporate Finance, General Manager HR & Communications, Manager HR Strategy and the Executive Coordinator.</p>

Figure 3.1 Senior management committees (continued)

Committee name	Role and activities	Membership as at 30 June
<p>Workplace Diversity and Harassment Committee (WDHC)</p> <p>(meetings held 18 October 2005, 7 February 2006 and 6 June 2006)</p>	<p>The WDHC promotes and supports the Department's commitments to workplace diversity and eliminating workplace harassment. The Committee monitors and reports on the implementation of the objectives of the Workplace Diversity and Eliminating Workplace Harassment (WD&H) plan.</p> <p>The Committee also reviewed, discussed and made recommendations on a range of issues throughout the year. These included undertaking a formal review of the WD&H plans, development of awareness raising posters and of activities associated with celebrating NAIDOC Week, Harmony Day and Reconciliation Week.</p>	<p>General Manager HR & Communications (Chair), Manager HR Operations, and General Manager Old Parliament House. There are also three staff representatives from the WDHC contact officers' network.</p>

Three cross-departmental coordinating committees operated during the reporting period: the International, Research and Connect Australia committees. The International committee (deputy secretaries, General Manager International) coordinates the Department's involvement in multilateral and bilateral forums. The Research committee (deputy secretaries, General Manager Research Statistics and Technology) focussed on the development of a departmental research program. The Connect Australia committee, chaired by the Secretary, was established in the 2005–06 reporting period to coordinate Connect Australia activities across the Department.

As part of the departmental restructure, a review of the cross-department coordinating committees was undertaken which resulted in a framework of six coordinating committees to commence work from 1 July 2006 (figure 3.2).

Corporate planning

The 2005–08 corporate plan provided the broad strategic directions and key priorities which the Department pursued in 2005–06 to achieve its outcomes relating to arts, sport, communications, information technology and the information economy.

The corporate plan is underpinned by divisional business plans detailing the key divisional outputs and activities to achieve the Department's objectives. These plans are in turn linked to the Department's performance management system, which guides the management of both individual and team performance.

A review of the Department's corporate plan is planned for early in 2006–07 to reflect the Department's restructure and new policy and program directions, such as the introduction of the Connect Australia program.

Figure 3.2 Coordinating committees to commence on 1 July 2006

Committee	Role and activities
Strategy and Research	Deals with longer term issues of significance to the Department as well as the Department's research and statistical requirements
International	Forward agenda and work to coordinate strategic aspects of Department's profile
Connect Australia	Cross-department coordination of Connect Australia programs, Broadband Blueprint, 3G/CDMA and other regional programs
Indigenous	Whole-of-department coordination on Indigenous policy and program issues
Intellectual Property (IP)	Department-wide IP issues including legal deposit, Indigenous IP
Digital Content	Digital media, online and related content issues, film, digital content action agenda

Audit, risk and evaluation

The Audit, Risk and Evaluation Committee met six times during the year and reported to the Secretary and the Executive Management Group after each meeting. The focus for 2005–06 was on the implementation of treatments identified in the fraud control and risk management plans, physical and personal security arrangements, the outcome of financial statement audits, monitoring of the evaluation framework, compliance with the Australian Equivalent International Financial Reporting Standards and monitoring progress with the implementation of Australian National Audit Office and internal audit report recommendations.

The process of committee self-assessment continued during 2005–06 and indicated that all performance indicators had been met.

Internal audit

The Department's internal audit services were provided by KPMG and monitored by the Audit, Risk and Evaluation Committee. The 2005–06 Internal Audit Plan was developed based on the Department's Strategic Audit Plan 2003–06, consideration of risk drivers in the Risk Management Plan 2005–06 and discussion with senior management.

Internal audits conducted during the year included:

- Contract Management Review;
- Corporate Credit Cards Review;
- Review of IT controls and security;
- Multi-year grant documentation; and
- Accounts Payable (partially completed).

The audit into the application of regulation 10 of the *Financial Management and Accountability Regulations 1997*, that was included in the 2004–05 internal audit plan, was also finalised in 2005–06.

While a number of recommendations were made in relation to the completed audits, no serious control breaches were identified. The Department's Audit, Risk and Evaluation Committee monitored the implementation of the reports through quarterly status reports.

A number of additional assignments were undertaken by the internal auditor during the reporting period, including probity advice for Round 2 of the Coordinated Communications Infrastructure Fund, a review of the Department's media monitoring needs and a review of Artbank operations.

With the expiry of the internal audit contract on 30 June 2006, a select tender process to implement a new audit contract was undertaken by the Corporate Governance Section. A new provider, Protiviti, was selected and an official order was signed on 31 March 2006 for two years with the option for a one-year extension.

Risk management

The 2005–07 Risk Management Plan, which commenced development in 2004–05, was approved on 10 August 2005. Following the release of the new plan, a review of the risk management policies and guidelines which support the Plan was commenced. The revised policies and guidelines are to be submitted to the Audit, Risk and Evaluation Committee and the Executive Management Group in early 2006–07.

The Department continued to educate and raise awareness and understanding of staff in relation to risk management as a vital element in the delivery of outcomes to the Government.

In March 2006, the Department participated in Comcover's risk profiling exercise to assist Comcover to understand the risk exposures of individual fund members and the whole Comcover fund. The exercise also provided the Department with a methodical process to identify and quantify its insurable risks and to assist in the overall management of risks.

The Department continued to participate in the annual Comcover benchmarking survey which measures performance in managing risk and assessing the extent of cultural change within agencies. The Department's overall results improved when compared with previous years reflecting the Department's competency in implementing an enterprise-wide risk management framework. As a result, the Department received a six per cent premium discount on the insurance renewal.

Fraud control

The Department continued to monitor and report on the treatment of risks identified in the 2005–07 Fraud Control Plan through the Audit, Risk and Evaluation Committee. A number of initiatives were commenced to mitigate these risks, including continuing with reviews aimed at strengthening audit and acquittal processes, strengthening interagency relationships and revising and updating acquisition policies.

The Department also continued to review its fraud prevention, detection, investigation and reporting procedures to ensure ongoing compliance with Commonwealth fraud control guidelines.

Evaluation

In June 2006, the rolling three year evaluation program for 2006–09 was approved by the Executive Management Group. The program includes 16 management initiated evaluations covering all policy divisions. It takes account of work being undertaken by external authorities such as the Australian National Audit Office and the Department of Finance and Administration's Office of Evaluation and Audit (Indigenous Programs).

The Audit, Risk and Evaluation Committee oversees the evaluation program and ensures that regular program evaluations take place and that the recommendations from these evaluations are implemented.

During the reporting period, the Department completed management evaluations covering the following:

- the Satellite Phone Subsidy Scheme and Community Phones program; and
- the operation of the *Spam Act 2003* and the spam regulatory function.

Ethical standards

The Department is committed to supporting and promoting the Australian Public Service (APS) Values and Code of Conduct in accordance with the *Public Service Act 1999*. Major achievements in this area during the year included:

- the 27 September 2005 release of detailed departmental procedures for managing breaches of the Code of Conduct covering guidance for employees, managers and investigators involved in a code of conduct matter;
- the review of the Department's Workplace Diversity Plan 2004–05 and Eliminating Workplace Harassment Plan 2004–05 with new plans expected to be released early in 2006–07;

- the continuation of adherence to the APS Values and Code of Conduct as a mandatory assessment criterion under the Department's performance management system; and
- the approval of 14 new procedural rules introduced to operate alongside the Chief Executive Instructions and give guidance on a range of ethical issues including:
 - asset management;
 - care and custody of financial instruments;
 - complaints handling;
 - conflicts of interest and receipt of gifts;
 - insurable risk;
 - loss and recovery of public property;
 - official bank accounts;
 - payment of accounts;
 - receiving public money;
 - use of property;
 - financial statements and reporting;
 - financial accounts and records;
 - official advances; and
 - gifts of public property.

Courses on the APS Values and Code of Conduct and on raising cultural awareness also continued to be conducted. In this reporting period, 12 staff attended a one-week graduate induction course, eight staff recruited under the new School Leaver Program attended a three-day induction course, 64 staff attended five APS Values and Code of Conduct courses, and 39 staff attended three Indigenous cultural awareness training courses.

Further initiatives will be implemented in 2006–07 to improve awareness of ethical standards, including the release of new Workplace Diversity and Eliminating Workplace Harassment plans.

External scrutiny

The Australian National Audit Office issued a number of reports in 2005–06, some which involved the Department directly and others which were of special or general interest to the Department. A key responsibility of the Audit, Risk and Evaluation Committee is to oversee the implementation of the recommendations contained in these reports.

Details of the audits in which the Department was involved can be found at appendix 3.

Judicial decisions and decisions of administrative tribunals affecting the operation of the Department

There were no judicial decisions or decisions of administrative tribunals that had a significant impact on the operations of the Department during 2005–06.

Commonwealth Ombudsman

During 2005–06, the Commonwealth Ombudsman made two inquiries concerning the Department.

The first inquiry concerned whether the Department was responsible for the administration of the compensation and rehabilitation rights of two employees of the former Aboriginal and Torres Strait Islander Commission and the Department of Aboriginal Affairs. On 13 April 2006, the Department advised the Ombudsman's office that the Department was not responsible for this administration as the individuals concerned had not been transferred to the Department. The Ombudsman's investigation of this matter is continuing.

The second inquiry concerned an initial failure of the Department, subsequently rectified, to locate the minutes of the July 2004 Ausfilm Board meeting in response to an application under the *Freedom of Information Act 1982*. On 10 April 2006 and 18 May 2006, the Department wrote to the Ombudsman's office to explain its actions concerning this matter and to outline its guidance on searching for documents as part of its FOI Guidelines. The Ombudsman's investigation of this matter is continuing.

Investigations of the two complaints mentioned in the Department's *Annual Report 2004–05* are now complete. No adverse findings or comments were made about the Department.

The first of these complaints concerned a decision of 8 June 2004 by the Regional Manager, West Kimberly Regional Office of Aboriginal and Torres Strait Islander Services, to decline a funding submission made by the Yuriny Aboriginal Cultural Centre (YACC). The program in question was subsequently transferred to the Department. On 10 March 2006, the Ombudsman's office notified the Department, under section 12 of the *Ombudsman Act 1976*, of the Ombudsman's decision to cease inquiries concerning this complaint.

The second of the complaints was received from Multilocus Interactive Pty Limited concerning the Department's management of an information technology services contract. On 27 June 2006, the Ombudsman's office notified the Department, under section 12 of the *Ombudsman Act 1976*, of the Ombudsman's decision to cease inquiries concerning this complaint.

Parliamentary committees

During 2005–06 the Department was involved in 23 Parliamentary Committee inquiries compared to 21 in 2004–05.

The Department coordinated the Government's response to four Parliamentary Committee inquiry reports and provided input to a further two Government responses. The Department also made written submissions, or gave evidence, to a further 17 Parliamentary Committee inquiries.

Details on the Department's involvement in these Parliamentary Committee inquiries are at appendix 2.

Client Service Charter

The Department's Client Service Charter explains the range and standards of service that the Department's clients can expect, outlines the rights and responsibilities of clients, and provides a formal feedback mechanism for clients. The Client Service Charter is available from the Department's website at www.dcita.gov.au, or on written request to the client service manager:

Client Service Manager
Department of Communications,
Information Technology and the Arts
GPO Box 2154
Canberra ACT 2601

To further refine the delivery of client services, an external review of the Client Service Charter and feedback system was finalised in 2005 and a revised charter was released on the Department's website in October 2005.

To measure client satisfaction, the Department conducts a client satisfaction survey each year. Wallis Consulting Group Pty Ltd has conducted the survey on behalf of the Department for the last three years.

The objectives of the survey are to:

- measure client satisfaction against the key performance indicators in the Department's Client Service Charter;
- report on client satisfaction at the departmental level and for outputs; and
- inform the development of practices that will improve client service.

The 2005–06 survey sampled 2068 clients and the Department received 915 responses, representing a 46.7 per cent response rate—an improvement from the 35 per cent response rate from the 2004–05 survey. Figure 3.3 below summarises the key findings from the survey.

In 2006, the percentage of clients rating services as satisfactory to excellent was 97 per cent—the same as for 2005.

Whilst the survey results are similar to previous years, areas that have been identified for improvement included consultation processes, grants administration, sensitivity to diversity issues and clarity of advice. Continuing areas of particular strength were the quality of communications with clients and telephone and email dealings with clients. Results against each output level are in section 2 of this report.

Figure 3.3 Outcomes of the 2005–06 client service survey

Survey category	Client Service Charter standard	Results (rated performance as satisfactory to excellent) %		
		2004	2005	2006
Communications with clients—quality	Courteousness	99	99	99
	Responsiveness	97	95	95
	Willingness to assist clients	98	98	97
	Fair treatment	98	97	97
	Advice that is clear, concise and complete	96	95	93
	Technical/professional competence in providing advice	97	96	94
	Sensitivity to diversity issues	97	96	94
Telephone dealings with clients	Availability of staff to take telephone calls during the day	98	97	99
	Staff identify themselves by name and/or work area	98	98	99
	Ability of staff to deal with clients' inquiries	96	97	95
Email dealings with clients	Responding to clients' inquiries as soon as possible	95	98	95
	Satisfactory responses to inquiries	97	97	94

Figure 3.3 Outcomes of the 2005–06 client service survey (continued)

Survey category	Client Service Charter standard	Results (rated performance as satisfactory to excellent) %		
		2004	2005	2006
Written inquiries	Speed of responses to clients' inquiries	92	92	93
	Keeping clients informed of the progress of their enquiries	90	90	89
	Providing further contact details to follow up	95	95	95
Administration of grants programs	Grant programs are adequately publicised	89	91	91
	Publicising how to apply for grants within programs	91	91	92
	Equitable access to grant programs	88	89	88
	Fair administration of grant programs, in accordance with relevant guidelines, criteria regulations or legislation	92	89	91
	The speed of decision making in relation to grant applications	81	77	70
Development and review of policy and legislation	Consultation with interested parties in good time	90	91	86
	Using appropriate processes to establish the lines of consultation	90	94	90
	Inclusion of those likely to be effected by changes in policy or legislation in the consultative process	92	90	85
	Breadth of the consultation process	91	85	85

Management of human resources

During the year, the Department made a number of significant advances in the area of human resource management.

A Department-specific capability framework has been implemented for all non-SES classifications. The framework is to be a foundation tool for human resource management in relation to job design, recruitment, performance management and staff development. Based on the framework, capability development programs have been piloted for staff at the APS 1–4 and APS 5–6 levels, and an Executive Level 1 program was designed and will be delivered during 2006–07.

A document titled HR Strategic Directions 2006–10 has been developed and distributed for the information of all staff. These directions are aligned with the Department's business priorities as set out in its Corporate Plan 2005–08 and, along with the Workforce Plan, form the key components of the Department's strategic HR framework.

This strategic framework is supported by a more rigorous accountability framework which enables the Human Resources Management Committee and the Executive Management Group to identify and monitor priority projects that are driving the implementation of HR strategies at the business level.

During 2005, the Department undertook a review of its entry level recruitment arrangements. The review reflected both identified trends in the recruitment and turnover of staff at the APS 1–4 levels and consideration of the recommendations of the Management Advisory Committee project, Managing and Sustaining the APS Workforce.

The principal outcomes of the review were the decisions to extend the Graduate Program intake and to establish an intake program for recent school leavers. The pilot school leaver program resulted in the recruitment of eight school leavers from Canberra and the surrounding region. They are participating in a program of work placements and learning and development activities during the 2006 calendar year.

A broad-based recruitment consultancy was undertaken in the latter part of the period. The review assessed current policies, practices and procedures, and proposed strategies to ensure that the Department is able to market itself professionally to draw candidates from appropriate fields for vacancies and then to move quickly and ethically through the recruitment process. Specific retention strategies will be assessed during the next reporting period.

There has been continued improvement in the Department's management of compensation claims during the year, with a decrease in the Department's compensation premium for 2006–07. Effective relationships have been maintained with the Department's outsourced payroll provider and there has been an overall improvement in service delivery against the key performance indicators. Outsourced arrangements have also been established for the provision of a range of other specialist HR services, including non-ongoing employment services, learning and development services and employee assistance services.

Case study

Capability development

Development of staff capability has been a major focus during the reporting period. The Department's Capability framework was approved early in the year. The framework is consistent with the Australian Public Service Commission's Integrated Leadership System, but is tailored to the department's specific requirements. The Framework is the foundational tool for many human resource management functions including: job design; recruitment; staff development and performance management.

To support the learning and development focus of the framework a suite of capability development programs have been developed. During the year two programs each of the Foundations of Management program (for APS 1–4 level staff) and the Manager Development Program (for APS 5–6 level staff) were delivered. Each program is supported by an SES sponsor who attends all sessions and by senior departmental subject matter experts who together provide the departmental context for the learning. The programs feature module-style delivery over a five to eight week period and a testing learning activity which is undertaken in groups and presented at the graduation ceremony.

The programs have been very successful. Participants have noted that while the programs are challenging they have gained enormous benefit and confidence from both the learning and the networking opportunities.

Similar style programs are under development for Executive Level staff and these will be delivered over the next year.

In addition to the development programs, major core training elements are being tailored to the department's requirements. Ministerial writing, legal awareness and indigenous cultural awareness programs have received strong support during the year. Scoping of programs relating to financial management; policy development and program management will be finalised in the new year.

Although it is very time and labour intensive to develop department specific learning opportunities the benefits have been significant and this approach will be continued.



The first intake of twenty participants at a graduation ceremony for the Department's Manager Development Program held on Wednesday 12 April 2006.

Front row (L–R): Charmaine Green, Sandy Swanton, Reina Syntawati, Joshua Davies.
Second row (L–R): Chris Purnell, Fiona Atkin, Pattie Mitchell, Sarina Smith, Chris Nihill.
Third row (L–R): Deborah Sulway, Marilyn Macleod, Lisa Baulman, Margaret Nixon.
Fourth row (L–R): Emma Mayhew, David Momcilovic, Deanna Shiels.
Back row (L–R): Bill Russell, Shareen Huda, Vaun Peate, Kate Feros.

Workforce planning

Significant progress was achieved during the year in establishing a robust workforce planning and strategic HR framework for the Department.

The Workforce Plan 2005–10 was approved on 15 August 2005 and the action plan component was subsequently published to inform staff of the priorities for maintaining workforce capability over the next five years. These priorities are aligned with the four HR themes of:

- building skills and capability;
- managing and recognising performance;
- supporting career management; and
- promoting public service culture and values.

Key outputs against these four themes are set out in the Department's recently released HR Strategic Directions 2006–10. Evaluation of progress against the key outputs occurs through several reporting mechanisms including quarterly and annual reporting to the Executive Management Group that is focussed on monitoring critical workforce parameters. These include areas such as staff turnover, internal promotion rates and separation

rates regular reviews of key HR programs and ongoing reporting against business plan objectives.

A review of the effectiveness of the Department's workforce planning activities will be undertaken as part of the analysis of the annual workforce metrics in early 2006–07.

Graduate program

Thirteen graduates were recruited for the 2006 graduate program, including two through the Indigenous graduate recruitment program of the Australian Public Service Commission (APSC).

The Department's graduate program provides three rotational placements across a range of departmental policy and program areas. These placements are complemented by a development program consisting of a comprehensive induction program, participation in the Foundations of Management capability program and a number of focussed training courses on topics such as the APS Values and Code of Conduct, ministerial writing, policy formulation, program administration and understanding the Senate Estimates process.



Participants in the Department's graduate program with the Secretary of the Department.

Standing (L–R): Erin Cassie, Greg Jericho, Luke Van Den Hoek, Will Barr, Helen Williams (Secretary), Brenda Gifford.

Seated (L–R): Joshua Saunders, Sam Robinson, Rosalin Mawlanazada, Zoe Macandrew, Amanda Danti, Linley Henzell.

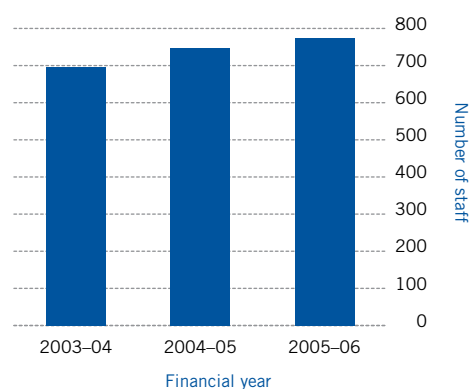
The graduate program is a key entry-level recruitment program for the Department. During the year, a review of the program was completed to ensure it is continuing to meet the Department's future entry-level staffing requirements. The review identified three key areas to be addressed in the 2007 graduate intake. These were:

- increasing the size of the intake from 14 graduates to 24, with four placements to be taken from the APSC Indigenous graduate recruitment program;
- expanding the range of qualifications previously considered by the Department; and
- increasing the commencement and advancement salaries for graduates.

Staffing overview

On 30 June 2006, the Department had 773 ongoing and non-ongoing staff, compared with 748 on 30 June 2005. This is a 3.3 per cent increase in the overall number of staff in the Department since last year's report. This represents a continued growth in staff numbers, albeit at a reduced rate from the 7.5 per cent increase recorded in 2005–06, primarily due to the establishment of the Connect Australia programs. This trend is shown in figure 3.4.

Figure 3.4 Number of Departmental staff



Detailed staffing statistics are provided at appendix 5.

The trend of increasing staff numbers at the APS 5–6 and executive levels noted in 2004–05 continued in the current year with the strongest growth occurring at the APS 6 and Executive Level 1 classifications. A similar increase was recorded at the APS 1 level which was a direct result of the Department implementing a new entry-level program for recent Year 12 school leavers. Actual numbers of part-time staff increased during the period, representing a continuing support of flexible work arrangements. The Department continues to have staff located in Indigenous Coordination Centres in all states and territories.

Workplace diversity

The Department is committed to creating an inclusive work environment that is free from harassment and that enables staff to contribute to their full potential. The Department's Workplace Diversity and Eliminating Workplace Harassment plans outline complementary initiatives that assist the Department to build a harmonious, productive and rewarding workplace.

The Workplace Diversity and Harassment Committee continued to monitor the implementation of these plans. Key strategies implemented in the year include:

- Indigenous cross-cultural awareness training;
- inclusion of diversity principles in the Department's leadership capability programs;
- the introduction of mechanisms to regularly update employee profile data; and
- a review of the Department's recruitment policies and procedures, including development of a draft Indigenous recruitment strategy.

Case study

School leaver program

In March 2006 the Department launched an exciting new initiative with the commencement of eight APS Level 1 participants in a pilot School Leaver Program. The participants, all of whom completed Year 12 studies in 2005, have been given the opportunity to participate in a nine month program of work placements and learning and development opportunities, to kick start their careers in the APS.

The initiative evolved during 2005–06 with the review of the Department's entry-level recruitment programs. The impetus for the review came from both the findings of the MAC project on Managing and Sustaining the APS Workforce and from observed trends in the Department's workforce data which showed that there was a very high level of turnover at the APS 1–4 levels, that the feeder group for APS 4 roles had been eroded, and that the Department tended to rely on non-ongoing employees at these levels. One of the outcomes of the review was a decision to introduce a pilot School Leaver Program.

The program is primarily aimed at boosting the diminishing cohort of ongoing staff at the APS 1–4 level and improving the Department's bench strength for future APS 5–6 roles.

Although advertising did not commence until December the program attracted a large field of applicants. Feedback at this stage, especially from parents of applicants, strongly supported the program and the need for more entry-level recruitment opportunities for young people.

Participants in the program were selected on the basis of their written application, results from literacy, numeracy and clerical skills testing, and interview. It is envisaged that the combination of mentoring, workplace rotations, internal and external training and development and access to StudyBank for program participants will greatly assist building internal capability in the APS 1–4 cohort.

The program has been well accepted both, by the community and by departmental staff and managers, and has attracted the attention of other APS agencies. Departmental staff, some of whom commenced in the APS through a similar recruitment path, have shown great support for both the program and the participants. The commitment of time and expertise by staff in the roles of mentors and placement managers and supervisors has been invaluable.



Given the success of the initiative, it is planned to continue the program in 2007. Advertising is scheduled to commence in September/October with information being provided to Canberra schools and colleges, followed by press advertising.

(L–R): Dorcas Amoako, Caitlan Ayoub, Naomi Hickey-Humble, Pep Komalajoti, Tom McNamara, Helen Williams (Secretary), Alex Edwards, Kylie Rochow and Paul Nulley.

A review of the plans was also conducted during the year and revised plans will be released early in 2006–07.

The Department’s workplace diversity and harassment contact officers continued to contribute to the promotion of workplace diversity principles and to provide advice and support to management and staff on workplace harassment matters. While there were no formal harassment complaints in the year, a number of informal matters were dealt with, indicating that further awareness raising is needed.

Full details of the Department’s workplace diversity statistics are provided at appendix 5.

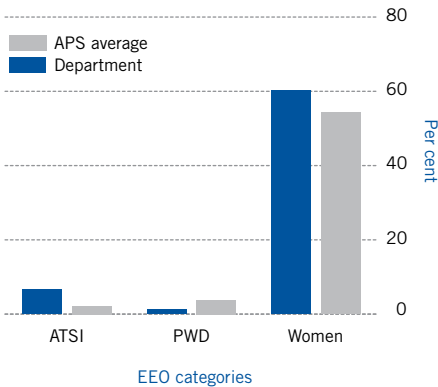
In summary, women represented 60 per cent of total staff at 30 June 2006. This is consistent with the previous reporting year and remains higher than the APS average of 54.2 per cent¹. The Department has a representation of 28 per cent of women in the SES. This represents an increase of three per cent from the last reporting period but is still less than the reported 32 per cent of women in the SES in 2003–04 and is five per cent less than the APS average of 33 per cent².

Seventy-one per cent of staff volunteered diversity data—a slight decrease from 75 per cent in 2004–05—indicating that further mechanisms need to be in place to encourage staff to provide diversity information.

Of the staff who volunteered diversity data, 27 per cent identified themselves as being from diverse cultural and linguistic backgrounds. The percentage of staff identifying themselves as being of Aboriginal and Torres Strait Islander (ATSI) background was 6.7 per cent, an increase of 3.5 per cent from the last reporting period and showing a continuing increasing trend over the last two reporting periods. The percentage of staff identifying themselves as having a disability was 1.2 per cent—a slight increase from one per cent in the previous reporting period.

In comparison with average APS statistics³, the Department compares well in relation to staff from an ATSI background, but not as well in relation to people with a disability (PWD). This comparison is shown in figure 3.5⁴.

Figure 3.5 Comparison of workplace diversity figures with APS average



¹ Australian Public Service Commission, State of the Service Report 2004–05, p. 192.

² *ibid*, p. 193.

³ *ibid*, p. 190.

⁴ No comparison could be provided on staff under DCLB 1 & 2 with the State of the Service Report as the State of the Service Report provides information on 1 only.

Certified agreement

The Department's current agreement covered 646 staff as at 30 June 2006 and will nominally expire on 30 June 2007. Negotiations on a replacement agreement will commence in November 2006.

Salary increases under the agreement were paid to staff in July 2005 and July 2006. Although a four per cent salary increase was paid on each occasion, two per cent of each increase was conditional on the Department achieving specified targets in relation to internal business requirements. Specifically, these were:

- completion of mid-cycle and end-of-cycle performance management reviews by 95 per cent of staff, by a specified date;
- attendance at scheduled training courses by 95 per cent of staff who nominated to attend such courses; and
- commitment to the adoption of IT initiatives including the introduction of TRIM, participation in TRIM training and a reduction in data holdings.

The use of pre-conditional components has been a positive initiative in securing staff commitment to key corporate objectives.

Development is continuing in relation to a regional agreement to provide for remote locality provisions for staff located in Indigenous coordination centres. These provisions are currently provided through a determination under section 24(1) of the *Public Service Act 1999*. Agreement in principle has been reached on the content of the agreement. Final consideration, ballot and lodgement processes are expected to be completed in early 2006–07. The agreement will have a nominal expiry date of 30 June 2007 to coincide with the principal departmental agreement. Future departmental agreements will incorporate remote locality provisions in the principal document.

Policies still to be developed during the term of the current agreement include the development of guidelines on the management of working hours for executive level employees, which is being progressed through the Workplace Consultative Committee, and a mature aged workers strategy to be developed during 2006–07.

Australian Workplace Agreements (AWAs)

Senior Executive Service (SES) AWAs and remuneration

All SES in the Department are covered by an AWA. As with non-SES staff, salary increases are determined on the basis of the whole of Department's achievement of the pre-conditional components noted in relation to the Certified Agreement.

Individual SES base salaries are determined by the Secretary having regard to job responsibilities and individual capacity and performance.

General conditions of employment are agreed through a comprehensive AWA that includes performance pay, superannuation and executive vehicles.

Non-SES AWAs

The Department has a range of non-SES AWAs providing a range of benefits including access to performance based pay, individual salary, skill/responsibility components and/or non-salary items.

At 30 June 2006, there were 94 non-SES staff (12 per cent) on AWAs. These figures remain comparable with previous reporting years.

Whilst the majority of non-SES AWAs relate to executive level staff, AWAs are in place for some staff at the APS 5 and APS 6 levels. In these cases, AWA provisions mainly relate to the need to attract and retain staff in particular job specialties for which there is a tight labour market.

Performance payments

One-off performance bonus payments are available only to staff who are party to an AWA. Provision of a bonus is dependent on an individual performance assessment outcome of 'very good' or 'outstanding'. Bonus payments are determined from the performance outcome and the sliding scale of payment outcomes provided through the AWA.

Movement through the non-SES salary ranges for each classification is also dependent on performance. Staff are not eligible for advancement unless a performance agreement has been developed and their performance has been assessed as being at least 'good'.

Key staff development strategies

The Department has made significant progress during the year in implementing a number of initiatives to improve learning and development opportunities for staff.

A major activity has been the design of a suite of capability development programs with the aim of providing challenging and Department-specific development that will build core management concepts as staff progress through the classification levels.

The Foundations of Management Program for APS 1–4 staff and a Manager Development Program for APS 5–6 staff were the first to be launched with a total of 50 staff participating in the programs during the reporting period. It is intended to offer each program twice a year, although this may need to be adjusted in accordance with staff numbers at the respective levels.

A Strategic Management Program for Executive Level 1 staff was also designed to strengthen higher order management skills in the Department in preparation for future opportunities at senior management levels. The program will be delivered in 2006–07 along with a similar program for Executive Level 2 staff.

To complement these development programs, the Department continued to offer training on subjects such as the APS Values and Code of Conduct, Indigenous cultural awareness, legal awareness and ministerial writing skills. In the course of the year, 311 staff participated in these courses.

Concurrently, the core training program has been reviewed in order to provide professional training tailored to the Department's environment and



Severe Tropical Cyclone Larry crossed the tropical north Queensland coast near Innisfail during the morning of 20 March 2006. Major damage to homes and other buildings was caused by Larry as well as extensive damage to local crops.

In response to a call for donations to assist those who had been affected by Cyclone Larry, staff donated over 50 bags and boxes of food, toys, clothing, sheets and towels.

Pictured are Mark Taylor handing donated goods to Tom McNamara.

appropriately targeting different levels of staff. The ministerial writing course was the first to be delivered using this tailored approach and feedback was extremely positive, particularly in regard to its application to the workplace.

Specifications have been developed for a range of new training and development initiatives with a view to engaging providers and delivery commencing in 2006–07. Courses include policy analysis and formulation, developing policy in a collaborative environment, managing ethically, financial skills and program administration.

In addition to reviewing core skills training for Canberra-based staff, the Department designed a tailored program for staff in the regional network to strengthen writing skills and understanding of APS and departmental governance processes. The program will be delivered in all major regional locations in early 2006–07.

Another important initiative was the review of the Department's approach to inducting staff into the APS and the Department. It is recognised that, in the current dynamic work environment, it is important to ensure that new staff feel welcome and understand their responsibilities as APS employees and their role in relation to the Department's objectives and key governance processes. As a result of the review, the Department will be developing a blended approach to induction so that essential information is provided to new staff using a range of delivery options, including online learning modules.

Occupational Health and Safety (OH&S) performance

A major OH&S focus during the reporting period was the training of all Health and Safety Representatives (HSRs) in accordance with the requirements of the *Occupational Health and Safety (Commonwealth Employment) Act 1991*. The training provided HSRs with a comprehensive understanding of OH&S issues and their roles and responsibilities.

The OH&S Committee continued to be very active during the year. Issues discussed and approved included:

- the implementation of an ergonomic software tool to assist with the prevention of occupational overuse syndrome;
- work site inspections and implementation of actions to address any issues identified;
- introduction of emergency procedures information for all staff; and
- the drafting of OH&S policies in relation to workplace assessments and eyesight testing.

The Department's annual Health Week was held in April 2006. This was the Department's third Health Week program and the theme was 'Mind and Body'. The focus of the week was on activities centred on the topic of mental health and the Department invited a series of guest speakers to discuss issues such as depression and working with and caring for people suffering from mental illnesses. In addition, a range of individual health checks and fitness activities were offered.

The majority of the Department's injuries in 2005–06 fell into the Comcare categories of sprains/strains, occupational overuse syndrome, falls, trips and slips, and motor vehicle accidents. The Department's claim frequency (claims per \$million payroll) for claims in the 2005–06 injury year was 0.42 (a slight decrease from the previous reporting period of 0.48) compared to a Commonwealth average of 0.50. This was due to a reduction in the number of accepted claims which was down to 11 from the previous year's 19 accepted claims.

The average lifetime claim cost for 2005–06 claims was estimated at \$28 383 (an increase of \$6671 from the previous year) compared to a Commonwealth average estimate of \$25 939. This was mainly due to a small number of high-cost mental stress claims. However, the Department's 2005–06 adjusted Comcare premium rate was 1.70 per cent, substantially less than the previous reporting period of 1.91 per cent and less than the premium rate for all Australian Government agencies combined of 1.77 per cent.

Overall, the Department's performance has improved from the previous reporting period, which can partly be attributed to a renewed focus on injury prevention and management, rehabilitation case management, early intervention and effective return to work strategies. These strategies will remain a key focus in 2006–07.

There were no incidents requiring notice to be given under section 68 of the Act in 2005–06. No investigations were conducted and no directions or notices were issued under sections 29, 45, 46 or 47.

Information technology

The significant task of deploying 900 new IBM desktop computers with an enhanced standard operating system to all staff was successfully completed in August 2005. The new machines were selected following the completion of an open tender process in June 2005 and provide the Department with a more robust and effective computing environment to meet its business needs over the next three to four years.

The annual IT client services survey undertaken in April 2006 again showed a high level of satisfaction with the provision of services. In the case of IT services, the overall satisfaction rating increased by two per cent on last year's result to 84 per cent, while voice services rating remained at 82 per cent. An area identified for review was external network responsiveness and this will be investigated during 2006–07 to determine how any issues could be addressed.

The Department's IT disaster recovery solution was fully implemented and tested during the reporting period. The solution provides the Department with complete replication ability for its critical business systems. A testing and maintenance schedule was also incorporated into the Department's IT operational procedures to ensure immediate deployment if necessary.

The Department also implemented a common application development environment, using standards-based software components, to develop and host a range of business systems. This environment will provide for more effective service delivery and efficiency in systems maintenance with reduced costs.

A review of the Department's communication systems requirements was undertaken during the year due to the ageing of the telephone system and a business need to provide a more integrated communications solution. The review indicated that a Voice over Internet Protocol (VOIP) solution would be the most cost effective solution to address these requirements. An open tender process was undertaken during 2006 and BTAS Pty Ltd was contracted to provide the VOIP solution. The new system will be deployed in the second half of 2006.

A major technical upgrade was undertaken on the Department's financial system, SAP, which included migrating the system to new hardware with growth capacity to meet increasing business needs and upgrading the SAP software version to provide enhanced features and ongoing maintenance support.

The Department's Information Management Committee met on four occasions with the key focus being the oversight of medium to large IT projects, including the desktop hardware replacement, the uptake of the Department's electronic records management system (TRIM), the SAP financial system upgrade and implementation of a new budgeting and reporting tool.

Regional network

The regional network, which is located in the Indigenous coordination centres (ICCs) across Australia, continued to focus on cross-government program delivery and identifying opportunities to participate in shared responsibility agreements under the Indigenous broadcasting, sport and recreation, language and arts and culture programs. This involved the monitoring of over 500 activities and participation in 23 shared responsibility agreements across these programs during the reporting period.

The network structure was regularly reviewed during the year as positions became vacant with the aim of strengthening the staffing structure and aligning the structure with the Department's program activity. The ongoing restructuring is allowing the Department to consolidate staffing resources in key ICCs which will facilitate improved service to its clients. Restructuring during the period included resources being transferred from Tamworth and Bourke to the Coffs Harbour ICC, and from South Hedland and Derby to the Broome ICC to service activities in the top end of Western Australia.

Legal services

During the year, internal legal advice for the Department was provided by the Legal Group and supplemented by advice from external sources, including the Australian Government Solicitor, Blake Dawson Waldron, Clayton Utz, Corrs Chambers Westgarth, Minter Ellison and Phillips Fox, under the terms of deeds of standing offer administered by the Legal Group.

Legislation and statutory instruments

The Legal Group assisted in preparing ten bills which were passed or introduced, and four regulations which were made during the year. The Legal Group drafted 19 other subordinate statutory instruments and a number of appointment instruments. Appendix 4 sets out full details of major legislation that required significant input from the Legal Group during the year.

Other legal services

During the year, the Legal Group provided advice, together with external legal providers, concerning the Connect Australia package. In particular, the Legal Group was involved in drafting funding agreements for the Broadband Connect subsidy program for the 2005–06 and

2006–07 periods, and provided advice about the management of those agreements. The Legal Group was also involved in the development of the expression of interest for Broadband Connect released by the Minister for Communications, Information Technology and the Arts on 8 June 2006.

In addition, the Legal Group advised on the development of policy and legislative schemes for:

- media reform (including media ownership, ACMA's broadcasting enforcement powers, digital television and new digital services);
- digital radio; and
- regulation of content on convergent mobile devices.

The Legal Group also advised on:

- new arrangements for the Satellite Phone Subsidy Scheme;
- the development of a multi-million dollar funding agreement for National ICT Australia Ltd (NICTA) from 2006–07;
- the review of the *Spam Act 2003*; and
- arrangements for the proposed new Indigenous television service.



Members of the Department's
Legal Group. (L–R): Adam Carson,
Kyla Morgan, Julie Lopez.

The Commonwealth was a major funder of the Melbourne 2006 Commonwealth Games and the Legal Group assisted the Department to put in place the funding agreements and other contracts connected with the funding of the highly successful Games.

The Legal Group also participated in the Working Group on Telstra's CDMA to 3GSM transition.

The Legal Group was closely involved in the preparation of updated Chief Executive's Instructions and Financial Delegations setting out financial management responsibilities in the Department, and a procedural rule on conflicts of interest and receipt of gifts, all of which came into effect on 17 February 2006.

Administration and liaison functions

The Legal Group performed a departmental coordination and liaison role in relation to legislation bids, regulation impact statements, implementation of the *Legislative Instruments Act 2003*, Freedom of Information (FOI) requests and privacy issues. A total of 19 FOI requests were received during the year.

Procurement advice and contracts reporting

Following the 2004–05 Ernst & Young review of the Contracts Unit, the Department has implemented a number of the recommendations on guidance material and procedures. During 2005–06, the Contracts Unit was restructured into a Knowledge Management and Reporting Section and a Procurement Advisory Unit.

During the year, the Procurement Advisory Unit provided procedural advice about the calling of tenders and contract documents used by the Department and coordinated the Department's reporting on contracts to meet various accountability requirements.

A more comprehensive presence on the Department's intranet site has been developed, offering a higher, more focussed level of support to internal staff. Internal documents, including standard form agreements and market approach documents, have been redeveloped and prepared for inclusion within an online document development software toolset. It was developed in the Legal Group in the first half of 2006 with a view to implementation in the line areas at a later date.

Mandatory reporting of all contracts over \$2000 within the Department's newly created Central Contracts Register commenced in early 2006. Procedural rules relating directly to procurement have been developed along with amendments to current rules, producing a higher level of clarity for staff dealing with procurement.

Purchasing

The Department seeks to achieve value for money in all procurement processes and to ensure that the processes are consistent with the requirements of the Commonwealth Procurement Guidelines (CPGs) issued by the Department of Finance and Administration and amended from time to time.

Consultants

The Department's policies on the selection and engagement of consultants are based on the CPGs, the CEIs, and government policies. The Department complies with all government legislation, policies and guidelines relating to procurement.

The Department's internal policies are flexible and are based on a relatively decentralised model. Greater responsibility and accountability is achieved by giving divisions responsibility for developing requirements and managing contracts.

However, important checking and control mechanisms are in place. A senior officer in the relevant Division must approve any consultancy contract and the Legal Group provides, on request, advisory and administrative support to project officers who are involved in contracting.

The Department's selection procedures are based on contract value, market conditions and the nature of the particular requirement. Procurements of \$80 000 or greater are offered publicly in accordance with the Mandatory Procurement requirements by advertising on the AusTender website and in the press, or through the use of established panels. For consultancies of a lower value, or where market conditions or other special circumstances make it appropriate, the Department may use alternative methods including the various forms of select tender process.

Consultants are engaged for a wide variety of purposes in the Department. They are typically engaged to provide complex professional services that the Department does not have the ability to perform in-house. These services include matters such as technical advice, financial advice and specialised information technology services. Figure 3.6 shows expenditure on new and existing consultancy contracts in 2005–06.

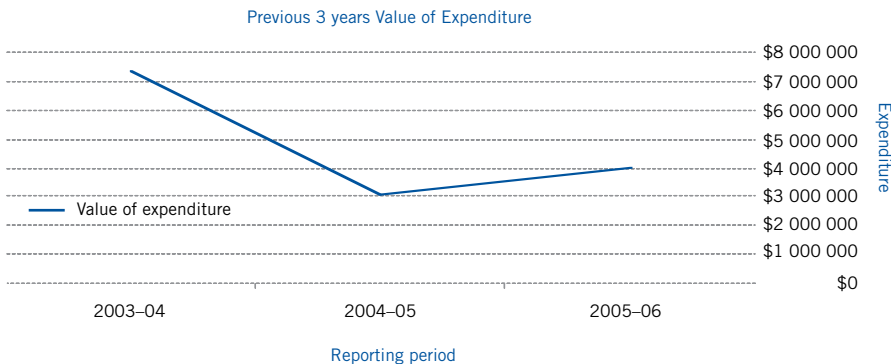
Figure 3.7 identifies the expenditure on consultancy contracts over the three most recent financial years.

Further details are provided in the consultancy list available on the Department's website www.dcita.gov.au

Figure 3.6 Expenditure on new and existing consultancy contracts 2005–06

A.	New consultancy contracts let during period	186
B.	Total expenditure on new consultancy contracts let during period	\$4 005 163.23
C.	Number of ongoing (i.e. pre-existing) consultancy contracts active in the period	51
D.	Total expenditure on ongoing (i.e. pre-existing) consultancy contracts during period	\$1 461 725.30

Figure 3.7 Expenditure on consultancy contracts 2003–04 to 2005–06



Competitive tendering and contracting

Contracted service providers deliver a range of services to the Department. The Department's objectives in outsourcing such services are to obtain value for money, encourage innovation and improve accountability and performance in the service delivery process, in line with the CPGs.

Current departmental contracts with service providers worth \$100 000 or more are listed in figure 3.8.

Exempt contracts

There are no current contracts or standing offers that have been exempted by the Secretary from being published on Austender on the basis that they would disclose exempt matters under the *Freedom of Information Act 1982*.

Financial management

The Department has continued to focus on business improvements and on enhancing its internal financial and budgetary management practices and processes. It has commenced implementation of a budgeting and reporting tool that will provide managers with better financial and budgetary information. In addition, the Department successfully upgraded its Financial Management Information System in 2005–06 from version 4.6c to the latest version, ECC5.0. End-of-month processes have been further enhanced for business purposes with improvements to accrual information.

The ANAO has noted that the Department has a sound financial reporting framework in place that incorporates key financial and non-financial measures in monitoring its performance and financial management.

Figure 3.8 Contracts over \$100 000

Contractor	Nature of services	Contract period
KAZ Technology Services Pty Ltd	Information technology and communications services	September 2003 to April 2007 (for services from April 2004)
Macquarie Corporate Telecommunications Pty Ltd	Voice communications services	September 2003 to June 2007 (for services from July 2004)
Rehame Australia	Media monitoring services	December 2005 to June 2006
United KFPW HR Services Pty Limited	Payroll and personnel administration services	July 2004 to July 2008

One of the Department's focal points during the year has been on meeting deadlines for external estimates updates and responding to new requirements that arose from the Commonwealth Budget process, including those relating to the Central Budget Management System.

The Department's internal financial training program was enhanced through the provision of training sessions to operational area staff on taxation, operations, chart of accounts and financial reporting. The Finance and Budgets Group also continued to provide advice to program areas and portfolio agencies on budgetary and financial matters in relation to compliance with Government policy and regulations.

Internal budgeting processes have been further streamlined to improve efficiency and make the process more user-friendly. In particular, a system for automatically extracting year-to-date actual data from the SAP financial management information system was developed for use in the formulation of Mid Year Review internal budgets.

The Department continues to monitor recently issued ANAO audit reports and implement the recommendations where appropriate.

The Department received an unqualified audit report for its financial statements for the 2005–06 financial year. This is the third consecutive year that the Department has received an unqualified audit report.

At the end of 2005–06, the Department recorded a \$14.530 million surplus predominantly due to:

- increased funding received during 2005–06 Additional Estimates (finalised in April 2006) for costs associated with administering Connect Australia, the Operational Separation of Telstra, and the Australia–China Free Trade Agreement, not being able to be fully completed by 30 June 2006;
- delays in expenditure on projects; and
- an unexpected increase in donations revenue for the National Portrait Gallery Special Account.



Members of the Finance
and Budgets Group (L–R):
Eva Grady, Steve Rakic,
Rachelle Morgan.

Figure 3.8 Departmental income

Income item	2005–06 result (\$m)	% of total income
Revenue from Government	119.804	92.81
Goods and services	3.047	2.36
Rent	1.305	1.01
Other revenue	4.518	3.50
Other gains	0.406	0.32
Total	129.080	100.00

Asset management

Departmental assets

The Department manages both current and non-current assets in accordance with guidelines set out in the Chief Executive Instructions and Australian Accounting Standards.

Artbank

Artbank's assets are predominantly artworks, consisting of more than 9400 works valued at \$26.7 million. Artbank operates from leased premises in Sydney and Melbourne.

As part of the national art rental scheme, more than 60 per cent of Artbank's collection is on display with clients throughout Australia and overseas at Australian embassies and high commissions. The Artbank collection is managed through an ongoing conservation strategy.

National Portrait Gallery

The National Portrait Gallery, which is located within Old Parliament House and has a temporary display facility at Commonwealth Place in Canberra, has a permanent collection valued at approximately \$14.7 million. The collection is housed on the Old Parliament House site and items not on display are stored in climate and humidity controlled facilities.

Other assets

The Department has leasehold improvements and furniture and fittings valued at \$7.2 million.

The Department also has software and computer and office equipment valued at \$6.6 million. These assets are managed in accordance with the Department's Information and Communications Technology Strategic Plan 2006–08.

Administered assets

Old Parliament House

Asset management is integral to the operation of Old Parliament House. The building is valued at \$51 million, with a replacement cost, as at 30 June 2006, of \$142.5 million. It has a significant collection of furniture associated with the building's history valued at \$4.1 million and mostly housed on-site.

Because Old Parliament House is on both the Commonwealth Heritage List and National Heritage List, it is conserved according to the *Environment Protection and Biodiversity Conservation Act 1999*. Specific policies and strategies are outlined in the Old Parliament House Conservation Plan 2000 and specific heritage studies are undertaken for major projects. These ensure that the heritage value of the building is preserved, even though the public can enter and use the site. Old Parliament House is also being refurbished and maintained in accordance with its long-term capital works plan.

National Institute of Dramatic Arts

The National Institute of Dramatic Arts' facilities are owned by the Commonwealth. Stage 1, completed in 1988, has two theatres, five rehearsal rooms, costume and property workshops, teaching spaces and administration offices. Stage 2, an award-winning building funded under the Federation Fund and opened by the Prime Minister in October 2001, includes a 730-seat theatre, 120-seat studio, soundstage, library, scenery workshop and four additional rehearsal rooms. The building is valued at \$35.6 million, with a replacement cost of \$64.4 million, as at 30 June 2006. The institute manages the building on the Government's behalf and a 10-year asset management plan for the site was completed in December 2003.

04

Appendices



Appendix 1

Portfolio agency contact details

Australia Business Arts Foundation Ltd

Tel: 03 9616 0300
Fax: 03 9614 2550
information@abaf.org.au
www.abaf.org.au

Australia Council

Tel: 02 9215 9000
Fax: 02 9215 9111
mail@ozco.gov.au
www.ozco.gov.au

Australian Broadcasting Corporation

Tel: 02 8333 1500
Fax: 02 8333 5344
www.abc.net.au

Australian Communications and Media Authority

Tel: Canberra 02 6219 5200,
Melbourne 03 9963 6899,
Sydney 02 9334 7799
www.acma.gov.au

Australian Film Commission

Tel: 02 9321 6444
Fax: 02 9357 3737
info@afc.gov.au
www.afc.gov.au

Australian Film, Television and Radio School

Tel: 02 9805 6611
Fax: 02 9887 1030
infonsw@aftrs.edu.au
www.aftrs.edu.au

Australian National Maritime Museum

Tel: 02 9298 3777
Fax: 02 9298 3780
www.anmm.gov.au

Australian Postal Corporation

Tel: 03 9204 7171
Fax: 03 9663 1160
www.auspost.com.au

Australian Sports Commission

Tel: 02 6214 1111
Fax: 02 6251 2680
asc@ausport.gov.au
www.ausport.gov.au

Australian Sports Anti-Doping Authority

Tel: 02 6206 0200
Fax: 02 6206 0201
asada@asada.org.au
www.asada.org.au

Bundanon Trust

Tel: 02 4422 2103
Fax: 02 4422 7190
visits@bundanon.com.au
www.bundanon.com.au

Film Australia Limited

Tel: 02 9413 8777
Fax: 02 9416 5672
web@filmaust.com.au
www.filmaust.com.au

Film Finance Corporation Australia Limited

Tel: 02 9268 2555
Fax: 02 9264 8551
ffc@ffc.gov.au
www.ffc.gov.au

National Archives of Australia

Tel: 02 6212 3600
Fax: 02 6212 3699
archives@naa.gov.au
www.naa.gov.au

National Gallery of Australia

Tel: 02 6240 6502
Fax: 02 6240 6529
information@nga.gov.au
www.nga.gov.au

National Library of Australia

Tel: 02 6262 1111
Fax: 02 6257 1703
www.nla.gov.au

National Museum of Australia

Tel: 02 6208 5000
Fax: 02 6208 5099
information@nma.gov.au
www.nma.gov.au

NetAlert Limited

Tel: 03 6234 3312
Fax: 03 6234 1430
enquiries@netalert.net.au
www.netalert.net.au

Special Broadcasting Service Corporation

Tel: 02 9430 2828
Fax: 02 9430 3700
comments@sbs.com.au
www.sbs.com.au

Telstra Corporation Limited

Tel: 1300 368 387
Fax: 03 9634 3958
www.telstra.com

Appendix 2

Parliamentary Committees

The Department's involvement in the following Parliamentary Committees ranged from preparing or providing input to Australian Government responses, to appearing before and/or making written submissions to the Committees.

Senate Select Committee on Information Technologies

*In the public interest
—monitoring Australia's media*

Tabled: 13 April 2000.
No Government response
as at 30 June 2006.

The Australian Government deferred responding to this report while the Australian Broadcasting Authority's investigations into the disclosure requirements of commercial radio broadcasters continued and pending the deliberations on the establishment of the Australian Communications and Media Authority. The Australian Government is finalising its response to the Committee's report which will be tabled in due course.

House of Representatives Standing Committee on Communications, Information Technology and the Arts

*From reel to unreal: inquiry into the
future opportunities for Australia's film,
animation, special effects and electronic
games industries*

Tabled: 21 June 2004.
No Government response
as at 30 June 2006.

This report examines the future opportunities for Australia's film, animation, special effects and electronic games industries. The Australian Government is considering its response taking account of the Digital Content Industry Action Agenda Report which was released on 13 March 2006.

*Inquiry into the uptake of digital
television in Australia*

Tabled: 13 February 2006.
No Government response
as at 30 June 2006.

This report examines the rollout, uptake and technological issues relating to digital television. The Australian Government is considering its response.

Inquiry into community broadcasting

The report is yet to be tabled.

On 19 January 2006, the Minister for Communications, Information Technology and the Arts, Senator the Hon. Helen Coonan, asked the Committee to inquire into and report on issues pertaining to community broadcasting in Australia.

The Department appeared before the Committee on 1 March 2006 to provide a private briefing. The Department made a submission to the inquiry about the community broadcasting sector and the legislation that governs it.

Public hearings are still being held and it is expected the Committee will complete its report late 2006 or early 2007.

Senate Environment, Communications, Information Technology and the Arts References Committee

Telstra (Transition to Full Private Ownership) Bill 2005 and related bills

Tabled: 12 September 2005.

The Department appeared before the Committee on 9 September 2005. The Committee recommended that the *Telecommunications Legislation Amendment (Future Proofing and Other Measures) Bill 2005* be amended to specifically require that \$2 billion in cash be transferred to the fund account and that, subject to the preceding recommendation, the Bills be agreed to.

The amendment to the Bill was made.

Performance of the Australian telecommunications regulatory regime

Tabled: 10 August 2005.

No Government response
at 30 June 2006.

The Senate Environment, Communications and the Arts References Committee inquiry into the performance of the Australian telecommunications regulatory regime was established on 14 March 2005. The purpose of the inquiry was to assess whether the current telecommunications regulatory regime promotes competition, encourages investment in the sector and protects consumers to the fullest extent practicable. The Department appeared before the Committee on 11 April 2005 and 20 June 2005.

The Department made a submission and appeared before the Committee during the 2004–05 financial year.

The recommendations included in the majority report were wide ranging. They included recommendations to amend provisions in Part XIB and Part XIC of the *Trade Practices Act 1974*, to review of the funding arrangements for the Universal Service Obligation and to review of the operation of the Australian Government's Higher Bandwidth Incentive Scheme.

To date, the Australian Government's response has been to advise the Committee of any outstanding items to respond to, following the legislative reforms made in September 2005 and the commencement of the Connect Australia program.

Senate Standing Committee for the Scrutiny of Bills

Telecommunications Legislation Amendment (Future Proofing and Other Measures) Bill 2005

Committee comment on Bill: Alert Digest
No. 11 of 2005, 14 September 2005.

The Committee noted that any determinations declared under proposed paragraph 158P(3)(b) of the Bill would be a legislative instrument for the purposes of the *Legislative Instruments Act 2003*, but would not be subject to disallowance under section 42 of that Act. The Committee also noted that a rationale for this was provided in the Explanatory Memorandum for the Bill.

The Committee made no further comments on the Bill.

*Australian Sports Anti-Doping
Authority Bill 2005*

Committee comment on Bill: Alert Digest
No. 1 of 2006, 8 February 2006.

Government response published:
First Report of 2006, 1 March 2006.

The Committee questioned whether clause 12, which would permit the National Anti-Doping Scheme to incorporate any matter contained in international anti-doping instruments in force or existing from time to time, being material that neither the Parliament nor any Parliamentary Committee had seen, was an inappropriate delegation of legislative power. The Committee also requested technical confirmation regarding the application of the *Legislative Instruments Act 2003* and whether certain sub-clauses were merely declaratory of the law.

The Australian Government's response indicated that, for the continued effectiveness of Australia's anti-doping framework and to ensure that Australian athletes were not disadvantaged by inconsistencies in anti-doping practices, clause 12 was vital in ensuring that Australia had the ability to respond quickly in recognising any amendments made to international standards. The response also confirmed that the relevant sub-clauses were merely declaratory of the law. The Committee accepted the Australian Government's response on these issues.

**Senate Environment,
Communications, Information
Technology and the Arts
Legislation Committee**

*Provisions of the Australian Sports
Anti-Doping Authority Bill 2005 and
the Australian Sports Anti-Doping
Authority (Consequential and Transitional
Provisions) Bill 2005*

Tabled: 7 February 2006.

On 8 December 2005, the Senate referred the provisions of these Bills to the Committee for inquiry and report.

The inquiry covered the provisions of the Australian Sports Anti-Doping Authority Bill 2005 and the *Australian Sports Anti-Doping Authority (Consequential and Transitional Provisions) Bill 2005*, to establish a new Australian Sports-Anti Doping Authority (ASADA). The purpose of these Bills is to enhance Australia's ability to support a robust national and international anti-doping framework.

The Bills specify the powers and responsibilities of the new authority, as well as the rights of athletes, including their rights in relation to ASADA decisions.

They also specify consequential and transitional provisions to facilitate ASADA assuming the function of the Australian Sports Drug Agency (ASDA).

The Department provided a submission to the inquiry in January 2006 and appeared before the Committee's hearings on 31 January 2006.

The Committee's recommendation was that the *Australian Sports Anti-Doping Authority Bill 2005* and the *Australian Sports Anti-Doping Authority (Consequential and Transitional Provisions) Bill 2005* be agreed without amendment.

The Bills subsequently passed without amendment and received Royal Assent on 7 March 2006.

Senate Environment, Communications, Information Technology and the Arts Legislation Committee

*Provisions of the Do Not Call Register
Bill 2006 and the Do Not Call Register
(Consequential Amendments) Bill 2006*

Tabled: 19 June 2006.

The Department made a submission to the Committee following a request from the Committee for further information in relation to the Bills. The Committee recommended that the Do Not Call Register Bill be passed with an amendment to provide that, where a person is nominated by the telephone account holder to consent to telemarketing calls or to register their phone number on the Do Not Call register, the nomination must be in writing and not verbal. This is to ensure appropriate and legally certain authorisation. The Committee also recommended that the Australian Government examine options to ensure that telephone account holders receive an effective reminder prior to the expiry of their registration on the Do Not Call register.

The Do Not Call Bill passed with amendment to require authorisations to be in writing, in line with the Committee's recommendation, on 22 June 2006. The *Do Not Call Register (Consequential Amendments) Bill 2006* passed without amendment on the same date. The Bills received Royal Assent on 30 June 2006.

The Minister for Communications, Information Technology and the Arts has requested the Australian Communications and Media Authority to consult with relevant stakeholders to ensure the legislation is implemented appropriately.

Senate Environment, Communications, Information Technology and the Arts Legislation Committee

*Inquiry into the Australian Broadcasting
Corporation Amendment Bill 2006*

Tabled: 9 May 2006.

The Department appeared before the Committee on 13 April 2005.

The majority report of the Committee recommended that the Bill be passed without amendment to remove the potential for conflict of interest inherent in the position of staff elected director on the ABC Board.

The Bill passed without amendment on 25 May 2006.

Joint Standing Committee on Foreign Affairs, Defence and Trade

*Review of the Australia–New Zealand
Closer Economic Relations (CER)
Trade Agreement*

The report is yet to be tabled.

In March 2006, the Minister for Trade, the Hon. Mark Vaile MP, asked the Joint Standing Committee on Foreign Affairs, Defence and Trade to examine and report on Australia's trade and investment relations under the CER Trade Agreement, with particular emphasis on likely future trends in these relationships and complementary approaches by the two governments.

In June 2006, the Department provided a submission to the Committee covering communications, information technology, arts and sports activities in New Zealand and engagement by the portfolio in New Zealand.

Inquiry into Australia's relationship with the Republic of Korea

Tabled: 22 June 2006.

No Government response as at 30 June 2006.

On 3 June 2005, the Department provided a submission to the Committee covering communications, information technology, arts and sports activities in Korea and engagement by the portfolio with Korea.

The inquiry was established on 7 April 2005 to inquire into Australia's relationship with the Republic of Korea including developments on the Korean peninsula. The Committee is reviewing political, strategic, economic (including trade and investment), social and cultural issues, and is considering both the current situation and opportunities for the future.

The Department appeared before the Committee on 31 August 2005 to provide information regarding the Department's engagement with Korea on arts and sport issues and activities.

Inquiry into Australia's relationship with Indonesia

Tabled: 31 May 2004.

Government response: 8 September 2005.

The Department provided a written submission on 31 October 2002, which included contributions from the Department and the Australian Sports Commission. It also provided a supplementary submission on

20 September 2003. The Department attended the public hearing on 5 August 2003. During 2004–05 the Department contributed to the Australian Government response being prepared by the Department of Foreign Affairs and Trade.

There were two recommendations relevant to the Department of Communications, Information Technology and the Arts portfolio.

Recommendation 23

The Committee recommends that the Department of Communications, Information Technology and the Arts actively promotes in the agencies within its Portfolio a commitment to building a relationship with Indonesia.

Recommendation 28

The Committee recommends that the Australian Government continue providing additional funding for transmission for Radio Australia; and that the Australian Broadcasting Authority examine and report on the cost and feasibility and implications of Radio Australia taking advantage of spare short wave capacity directed at Indonesia and broadcasting on multiple frequencies.

The Australian Government response indicated that the ABC had been given additional funding of \$3 million per year to strengthen Radio Australia's broadcasts in the 2003–04 Budget for three years. The response also indicated that the ABC had been provided with \$90 million to establish and operate a TV service to the Asia-Pacific region.

House of Representatives Standing Committee on Science and Innovation

Inquiry into pathways to technological innovation

Parliamentary paper: Tabled 19 June 2006.
No Government response
as at 30 June 2006.

The Department appeared before the Committee on 5 December 2005.

The report provided 18 recommendations relating to:

- innovation and commercialisation—policy and program framework;
- human capital—knowledge and skills;
- connecting knowledge, people and markets; and
- lifecycle support and funding for innovation and commercialisation.

Joint Standing Committee on Public Works

Development of a new collection storage facility for the National Library of Australia

Tabled: 8 December 2004.

In accordance with the requirements of the *Public Works Committee Act 1969*, the Committee considered the National Library of Australia's proposal to build a new storage facility.

Written submissions were provided by the National Library of Australia and the Department. Representatives of the National Library of Australia appeared before the Committee's hearings on 13 August 2004.

The report recommended that Parliament support the proposed development, and this recommendation was accepted by Parliament on 9 December 2004.

The storage facility is now complete, and opened on 3 August 2006.

House of Representatives Standing Committee on Aboriginal and Torres Strait Islander affairs

Inquiry into Indigenous employment

The report is yet to be tabled.

The Standing Committee covers a broad range of Indigenous issues. It is undertaking an inquiry into positive factors and examples amongst Indigenous communities and individuals which have improved employment outcomes in both the public and private sectors. The standing Committee is to:

- recommend to the Government ways this can inform future policy development; and
- assess what significant factors have contributed to those positive outcomes identified, including what contribution practical reconciliation¹ has made.

The Minister for Communications, Information Technology and the Arts provided a submission to the inquiry in April 2005 and the Department appeared before the Committee's hearings on 6 February 2006.

¹ The Committee has defined 'practical reconciliation' in this context to include all government services.

Senate Community Affairs References and Legislation Committee

Inquiry into children in institutional care (first report)

Tabled: 30 August 2004.

Government response: 10 November 2005.

The inquiry was established to consider the experiences of Australians who experienced institutional or out-of-home care as children. The report made two recommendations concerning portfolio cultural institutions:

- Recommendation 35 suggested that the National Museum of Australia develop an exhibition related to the history of children in institutional care; and
- Recommendation 36 suggested that the Australian Government provide funding to the National Library of Australia to undertake an oral history project of former residents in institutional and out-of-home care.

The Department assisted the Department of Family and Community Services to frame a response to these recommendations.

These recommendations were not supported. Both the National Library of Australia and the National Museum of Australia were unable to commit to projects of this scale at this time.

House of Representatives Standing Committee on Legal and Constitutional Affairs

Inquiry into technological protection measures (TPM) exceptions.

Tabled: 1 March 2006.

No Government response as at 30 June 2006.

The final report was tabled on 1 March 2006 with 37 recommendations, primarily relating to the scope of the exceptions to the TPM provisions as part of the implementation of the Australia–US Free Trade Agreement.

The Department made a submission to this Committee dated 28 October 2005 and appeared before the Committee at hearings on 28 November 2005.

Senate Finance and Public Administration Committee

Inquiry into Government Advertising and Accountability

Tabled: 6 December 2005.

No Government response at 30 June 2006.

The Department appeared before the Committee on 7 October 2005. The Committee was inquiring into Australian Government expenditure on advertising. It sought the release of draft material from 2004 relating to community information campaigns regarding the Besley inquiry into telecommunications services and was advised that release was a matter for the Minister. The Committee was advised by the Department in writing on 15 December 2005 that the Minister had decided not to release the material. The Committee's report contained no reference to the Department or its campaign and merely listed departmental officers as witnesses.

Joint Standing Committee on Electoral Matters

Report on the 2004 Federal Election

Tabled: 10 October 2005.
No Government response
as at 30 June 2006.

The inquiry examined the conduct of the 2004 federal election and matters related thereto. The Committee made a number of recommendations impacting on the operations of Australia Post, especially about improving the operations of the postal voting system. The Department provided comment for inclusion in the Australian Government's response.

House of Representatives Standing Committee on Agriculture, Fisheries and Forestry

Taking Control: a national approach to pest animals

Tabled: 28 November 2005.
No Government response
as at 30 June 2006.

The inquiry examined the impact on agriculture of pest animals. The Committee made a specific recommendation seeking amendment of the *Australian Postal Corporation Act 1989* to allow state and territory governments to inspect interstate mail for quarantine purposes. The Department is in the process of providing comment for inclusion in the Australian Government's response.

Appendix 3

External scrutiny

The Australian National Audit Office issued a number of reports in 2005–06. Some involved the Department directly and others were of special or general interest to the Department.

2005–06 direct participation

Report No. 16: The Management and Processing of Leave

Tabled: 17 November 2005.

The Department was one of six agencies included in the audit. The objectives of the audit were to determine whether entities had established appropriate arrangements in relation to the management of annual leave and had effective internal controls over leave processing, assess whether leave had been managed in accordance with the requirements of the respective entity's certified agreement, and identify sound and better practices in the management and processing of leave. The Department agreed with the seven recommendations of the report.

Report No. 21: Audit of Financial Statements of Australian Government Entities for the Period Ended 30 June 2005

Tabled: 21 December 2005.

The focus of this audit was on the year end results of the financial statement audits of all general purpose reporting entities for the 2004–05 financial year.

There were no moderate or significant audit issues noted during the audit for the Department.

Report No. 27: Reporting of Expenditure on Consultants

Tabled: 30 January 2006.

The Department was included in the examination of 73 Financial Management and Accountability agencies which focussed on the accuracy and completeness of agencies reporting of expenditure on consultants.

The Department is implementing the relevant recommendation of this report.

Report No. 28: Management of Net Appropriation Agreements

Tabled: 31 January 2006.

The Department was one of the agencies included in the review of 231 Section 31 agreements made under the *Financial Management and Accountability Act 1997* from 1 January 1998 to 30 June 2005. The objective of this performance audit was to assess agencies' financial management of, and accountability for, the use of net appropriation agreements to increase available appropriations.

The Department has implemented the relevant recommendations of this report.

Report No. 39: Artbank, Department of Communications, Information Technology and the Arts

Tabled: 11 May 2006.

The objective of the audit was to provide assurance that Artbank was effectively meeting its charter. The audit also examined Artbank's governance arrangements and its programs for marketing, client development, performance management, budgeting and debt management. It also sought client feedback on Artbank's operations.

The audit concluded that Artbank was meeting its charter and that Artbank demonstrated particular strengths in

managing the collection and rental scheme. The survey revealed a high level of satisfaction with Artbank's services and provided some valuable feedback on the running of the scheme.

A number of opportunities for improving Artbank's governance arrangements and operational matters were identified and the Department is implementing the recommendations.

Report No. 48: Interim Phase of the Audit of Financial Statements of General Government Sector Entities for the Year Ending 30 June 2006

Tabled: 22 June 2006.

The objective of this audit was to assess whether reliance could be placed upon the Department's systems and environment to produce accurate and complete information for financial reporting purposes.

There were no moderate or significant audit issues noted during the audit for the Department.

Report No. 52: Management of selected Telstra Social Bonus 2 (TSB2) and Telecommunications Service Inquiry (TSI) Response Programs

Tabled: 29 June 2006.

This performance audit examined the Department's management of seven TSB2 and TSI response programs. The objectives were to examine the extent to which selected TSB2 and TSI Response programs were achieving or had achieved their objectives, and had been administered effectively by the Department according to better practice principles. To evaluate this aspect, the audit assessed the Department's compliance with the better practice principles outlined in the *Administration of Grants: Better Practice Guide* (May 2002) produced by the Australian National Audit Office.

The audit concluded that all programs subject to audit, except the Intelligent Island program, were effectively achieving their stated objectives and that the Department's management of the programs demonstrated a high level of compliance with the better practice principles of grant management. Notwithstanding this, the Australian National Audit Office considered there were certain areas of the Department's grant management practice, impacting on more than one audited program, that only partially complied with relevant better practice principles and that in this regard processes could be improved.

Two recommendations were made aimed at enhancing DCITA's administration of grant programs. The Department agreed with the two recommendations.

2005–06 Special interest

Audits in which the Department has a special interest are listed below.

Report No. 11: The Senate Order for Departmental and Agency Contracts (Calendar Year 2004 Compliance)

Tabled: 29 September 2005.

Report No. 22 Cross Portfolio Audit of Green Office Procurement

Tabled: 22 December 2005.

Report No. 23: IT Security Management

Tabled: 22 December 2005.

Report No. 37: The Management of Infrastructure Plant and Equipment Assets

Tabled: 3 May 2006.

Report No. 45: Internet Security in Australian Government Agencies

Tabled: 13 June 2006.

The Department is implementing the relevant recommendations from these reports.

Appendix 4

Legislation and statutory instruments

Major legislation requiring significant input from the Legal Group during the year is set out below.

Do Not Call Register Act 2006 and Do Not Call Register (Consequential Amendments) Act 2006

The *Do Not Call Register Act 2006* sets up a scheme to enable individuals who have an Australian number to opt-out of receiving certain unsolicited telemarketing calls. It requires the Australian Communications and Media Authority to establish a Do Not Call register and prohibits telemarketers from calling a number which has been included on the register. The Australian Communications and Media Authority will be able to tender out the operation of the register. Exemptions are provided for certain types of telemarketing calls to allow organisations who carry out activities in the public interest to carry out their work and continue to provide services to the community. The exempt bodies are charities, registered political parties, independent members of Parliament and candidates, religious organisations, educational institutions (where a call is made to a student, alumni or alumnae), and government bodies.

Do Not Call Register (Consequential Amendments) Act 2006

This Act enables the development of relevant industry codes and standards relating to telemarketing calls. It requires

the Australian Communications and Media Authority to make national standards regulating the making of all telemarketing calls. The mandatory standards will relate to certain conduct matters such as the time at which telemarketing calls may be made, the information which must be provided and the termination of calls. The standards will apply to all telemarketers, including those exempt from the Do Not Call register arrangements.

Telstra (Transition to Full Private Ownership) Act 2005

This Act amends the *Telstra Corporation Act 1991* to enable the Commonwealth to sell its remaining equity interest in Telstra Corporation Limited. It provides for flexibility in the means by which the Commonwealth may sell down its shareholding in Telstra and makes consequential amendments necessary once Telstra ceases to be Commonwealth-controlled.

Telecommunications Legislation Amendment (Future Proofing and Other Measures) Act 2005

This Act establishes the \$2 billion Communications Fund and provides for regular independent reviews into the adequacy of telecommunications in regional, rural and remote parts of Australia.

Telecommunications Legislation Amendment (Competition and Consumer Issues) Act 2005

Telecommunications (Carrier Licence Charges) Amendment (Industry Plans and Consumer Codes) Act 2005

These acts formed part of the package of legislation providing for the full sale of Telstra.

The *Telecommunications Legislation Amendment (Competition and Consumer Issues) Act 2005* introduced an operational separation framework for Telstra to provide equivalence and transparency of Telstra's wholesale and retail operations, and made amendments to Parts XIB and XIC of the *Trade Practices Act 1974* to encourage greater investment in telecommunications infrastructure and to improve the operation of the telecommunications-specific access regime in Part XIC. The Act also made a number of minor amendments to the *Telecommunications Act 1997*, including the repeal of the requirement for carriers to have an industry development plan.

The *Telecommunications (Carrier Licence Charges) Amendment (Industry Plans and Consumer Codes) Act 2005*, together with the *Telecommunications Legislation Amendment (Future Proofing and Other Measures) Act 2005*, provides for the total amount of charges that are imposed on carrier licences to include an additional amount which would provide for industry bodies and associations that develop consumer-related codes to be reimbursed by the Australian Communications and Media Authority for their costs in developing these codes. The Act also made amendments consequential to the repeal of the requirement for carriers to have industry development plans in the *Telecommunications Legislation Amendment (Competition and Consumer Issues) Act 2005*.

Telecommunications (Operational Separation—Designated Services) Determination (No.1) 2005

This determination specifies a number of declared services, as well as the ADSL Layer 2 service, as 'designated services' for the purposes of the operational separation regime in Part 8 of Schedule 1 to the *Telecommunications Act 1997* to require operational separation of Telstra.

Telecommunications (Requirements for Operational Separation Plan) Determination (No.1) 2005

This determination specifies a number of requirements, additional to those specified in Part 8 of Schedule 1 to the *Telecommunications Act 1997*, to be dealt with in a draft operational separation plan to be prepared by Telstra and given to the Minister for Communications, Information Technology and the Arts. The determination requires Telstra to include in a draft operational separation plan provisions that relate to the following key elements of operational separation:

- the operational and organisational separation of Telstra;
- the provision of high-quality wholesale services;
- equivalence of designated services in relation to both price and non-price terms and conditions; and
- demonstration of compliance with the operational separation plan.

Carrier Licence Conditions (Telstra Corporation Limited) Declaration 1997 (Amendment No. 1 of 2005)

The purpose of this declaration is to improve the operation and reporting of priority assistance for consumers and for Telstra as the provider of priority assistance service to eligible customers who have a diagnosed life-threatening medical condition and are at risk of suffering a rapid, life-threatening deterioration in their condition.

Carrier Licence Conditions (Telstra Corporation Limited) Declaration 1997 (Amendment No. 2 of 2005)

The purpose of this declaration is to impose requirements on Telstra concerning its ongoing commitment to a local presence in regional, rural and remote Australia.

Telstra Carrier Charges—Price Control Arrangements, Notification and Disallowance Determination No. 1 of 2005

Telstra Carrier Charges—Price Control Arrangements, Notification and Disallowance Determination No. 1 of 2005 (Amendment No. 1 of 2006)

The *Telstra Carrier Charges—Price Control Arrangements, Notification and Disallowance Determination No. 1 of 2005* specifies the Telstra services which are subject to price control arrangements and establishes a price cap for certain services. It also sets out the principles that are to apply in relation to certain Telstra line rental charges, and sets out which Telstra charges are subject to notification and disallowance. The *Telstra Carrier Charges—Price Control Arrangements, Notification and Disallowance Determination No. 1 of 2005 (Amendment No. 1 of 2006)* amended the *Telstra Carrier Charges—Price Control Arrangements, Notification and Disallowance Determination No. 1 of 2005* to make explicit Telstra's line rental pricing parity obligations by including in the price controls a requirement that Telstra offer a basic line rental service at the same price across the country and to make other clarificatory amendments.

Australian Sports Anti-Doping Authority Act 2006 and Australian Sports Anti-Doping Authority (Consequential and Transitional Provisions) Act 2006

These acts provide for the establishment of the Australian Sports Anti-Doping Authority from 13 March 2006, make consequential amendments and deal with transitional matters. The Australian Sports Anti-Doping Authority replaces the Australian Sports Drug Agency.

Australian Sports Anti-Doping Authority Regulations 2006

These regulations establish the National Anti-Doping Scheme which is administered by the Australian Sports Anti-Doping Authority.

Film Licensed Investment Company (Decision-making Criteria and Procedures) Determination 2005

This instrument provides the criteria that apply in deciding whether, and to whom, to grant the licence under the scheme set out in the Film Licensed Investment Company Act 2005 and the procedures that must be complied with in making that decision.

Film Licensed Investment Company (Application) Rules 2005

This instrument provides the arrangements for making and dealing with applications for the licence to raise concessional capital under the scheme set out in the Film Licensed Investment Company Act 2005.

Film Licensed Investment Company (Reporting Requirements) Determination 2005

This instrument provides for how the company licensed under the *Film Licensed Investment Company Act 2005* must report and hence allows for the monitoring of compliance with the Act and evaluation of the Film Licensed Investment Company Scheme.

Postal Industry Ombudsman Act 2006

The Act provides for the establishment of the Postal Industry Ombudsman within the office of the Commonwealth Ombudsman. The Postal Industry Ombudsman will be responsible for the investigation of complaints against or actions taken by Australia Post in relation to the provision of postal or similar services, and will also be able to investigate complaints about private postal operators who voluntarily register with the Postal Industry Ombudsman.

Broadcasting Legislation Amendment Bill (No. 1) 2005

Under section 38B of the *Broadcasting Services Act 1992*, commercial television licensees may jointly or individually provide a third service in certain circumstances. This Bill would allow such third services in remote areas to be provided on a single spectrum multiplex, with no high definition television requirements.

Broadcasting Services Amendment (Subscription Television Drama and Community Broadcasting Licences) Act 2006

This Act amends the *Broadcasting Services Act 1992* to:

- make the new eligible drama expenditure requirement for pay television services more flexible; and
- give the Australian Communications and Media Authority a discretion to approve the transfer of community broadcasting licences, to deal more easily with changes to corporate arrangements for licensees.

Australian Broadcasting Corporation Amendment Act 2006

This Act removes the position of staff elected director on the board of the Australian Broadcasting Corporation.

Appendix 5

Staffing statistics

Figure 4.1 Full-time and part-time staff—30 June 2006

Ongoing employees				Non-ongoing employees						Total
Full-time		Part-time		Full-time		Part-time		Casual		
Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
269	346	13	55	16	53	5	4	4	8	773

Note: These figures indicate staff substantively employed by the Department as at 30 June 2006 including temporary reassignment of duties into the agency. These figures include the departmental Secretary.

Figure 4.2 Staff by classification groups and location—30 June 2006

State	APS1	APS2	APS3	APS4	APS5	APS6	EL1	EL2	SESB1	SESB2	SESB3	SEC	Total
ACT	8	32	21	101	88	144	168	101	23	8	2	1	697
NSW		1	4	8	2	2	2	2					21
NT			1	6	4	5	2	1					19
QLD		1	3	2	1	2	1	1					11
SA				2	2	1							5
TAS				1									1
VIC				2	2	1	1	1					7
WA			1	4	3	1	2	1					12
Total	8	34	31	125	102	156	177	107	23	7	2	1	773

Note: These figures indicate ongoing and non-ongoing staff substantively employed by the Department as at 30 June 2006.

Classifications with local designations, for example Legal and Public Affairs, have been subsumed into equivalent APS or EL levels.

These figures include the departmental Secretary.

Figure 4.3 SES staff—30 June 2006

	Male	Female	Total
SESB1	18	5	23
SESB2	4	3	7
SESB3	1	1	2
Total	23	9	32

Note: These figures reflect nominal occupancy and do not include acting arrangements.

Figure 4.4 Staff in EEO groups—30 June 2006

Male	Female	Total staff 1	DCLB 1&2	ATSI	PWD	Total staff 2
307	466	773	149	37	7	550
40%	60%	100%	27.1%	6.7%	1.2%	71.2%

Key to tables 4.4 and 4.5:

Total staff 1: Ongoing and non-ongoing staff substantively employed as at 30 June 2006. Percentages of male and female relate to this total.

DCLB1: People from diverse linguistic backgrounds (first generation).

DCLB2: People from diverse linguistic backgrounds (second generation).

ATSI: Aboriginal and Torres Strait Islander peoples.

PWD: People with a disability.

Total staff 2: Total number of staff who volunteered EEO information, including 'no' answers to questions. Percentages of EEO statistics have been derived from this total.

Figure 4.5 EEO groups within salary ranges—30 June 2006

Salary range

Lowest	Highest	DCLB1&2	ATSI	PWD	Total
\$0	\$32 734	3	1	0	8
\$32 735	\$41 634	8	3	0	28
\$41 635	\$45 249	3	6	1	25
\$45 250	\$50 735	22	12	0	90
\$50 736	\$55 264	23	7	1	67
\$55 265	\$64 661	36	2	2	117
\$64 662	\$90 790	34	4	1	131
\$90 791	\$102 569	13	2	1	73
\$102 570	NA	7	0	1	11
Total		149	37	7	550

Note: Total includes staff who volunteered EEO information including 'no' answers and those that may have declined to answer some questions (e.g. may have said 'yes' to DCLB1 but chose not to answer on disability).

Figure 4.6 Salary range of employees 2005–06

Classification	Certified Agreement Salary range (\$)		Australian Workplace Agreement (AWA) Salary range (\$)	
	Lowest	Highest	Lowest	Highest
SES	NA	NA	109 200	190 320
EL2	80 873	100 417	80 873	115 097
EL1	70 154	88 144	77 655	96 000
APS6	56 173	64 661	56 173	64 661
APS5	52 336	55 264	52 336	55 264
APS4	46 945	50 735	NA	NA
APS3	41 883	45 249	NA	NA
APS2	36 826	41 634	NA	NA
APS1	32 734	32 734	NA	NA

Note: Part-time salaries have been annualised to full-time for comparison. Classifications with local designations, e.g. Legal and Public Affairs, have been subsumed into equivalent APS or EL levels.

Figure 4.7 Number of staff on AWAs or Certified Agreement—30 June 2006

	AWA	Certified Agreement	Total
SES	32		32*
EL2	80	27	107
EL1	11	166	177
APS1–6	3	453	456
Total	126	646	772

Note: Classifications with local designations, e.g. Legal and Public Affairs, have been subsumed into equivalent APS or EL levels.

* Includes AWAs being finalised in the year.

Figure 4.8 Performance payments 2005–06

Classification	Number of staff paid	Aggregate amount (\$)	Average amount (\$)	Lowest payment (\$)	Highest payment (\$)
SES	37	377 470.78	10 201.91	1 301.67	23 930.40
EL2	76	509 491.06	6 703.82	627.66	10 862.80
APS1–EL1	13	64 887.41	4 991.34	1 515.24	8 127.00
Total	126	951 849.25			

Figure 4.9 Performance payments 2004–05, paid in 2005–06

Classification	Number of staff paid	Aggregate amount (\$)	Average amount (\$)	Lowest payment (\$)	Highest payment (\$)
SES	21	213 983.06	10 189.67	869.92	23 010.00
EL2	17	101 792.67	5 987.80	707.09	10 936.44
APS1–EL1	2	8 532.64	4 266.32	1 759.96	6 772.68
Total	40	324 308.37			

Appendix 6

Report on performance in implementing the Commonwealth Disability Strategy

Performance reporting 2005–06

The Commonwealth Disability Strategy (CDS) provides a framework to assist Commonwealth organisations to meet their obligations under the *Disability Discrimination Act 1992*. The strategy defines the core roles of Government agencies as policy adviser, regulator, purchaser, provider, and employer.

Policy advisers are responsible for strategic planning and formulating new initiatives and revisions to current Government programs and services. They do so in response to Government policy objectives, identified community needs or both.

Regulators develop regulations in direct response to Government policy or legislation and are responsible for implementing the framework designed by policy advisers.

Similarly for purchasers, established policy directions guide the purchasing frameworks to be implemented. Funding is allocated on the basis that purchasing specifications are designed to give effect to the policy framework.

Service providers also work within established boundaries. These boundaries exist in the purchasing frameworks that accompany funds received to provide the service. Purchasing specifications specify how services are to be provided, to whom

and under what conditions.

Though conditions of employment may vary between organisations, the core functions of an employer remain the same (see www.facs.gov.au/disability/cds/cds/roles1.htm for more information on the Commonwealth Disability Strategy).

The Department's performance against the performance indicators for each of the defined roles follows.

Policy advisor role

Performance indicator 1: New or revised policy/program proposals assess the impact on the lives of people with disabilities prior to decision.

Performance measure: Percentage of new or revised policy/program proposals documenting that the impact of the proposal was considered prior to the decision making stage.

Current level of performance 2005–06

New policy

Number of new policies: 13.
Percentage documenting impact:
38% (60% in 2004–05)

Revised policy

Number of revised policies/programs:
3. Percentage documenting impact: 0%
(22% in 2004–05)

NOTE: Usually, the impact on the lives of people with disabilities is only documented in the New Policy Proposal process where it has been assessed that there is an impact. The Department is working to improve reporting with a new policy proposal checklist.

Performance indicator 2: People with disabilities are included in consultation about new or revised policy/program proposals.

Performance measure: Percentage of consultations about new or revised policy/program proposals that are developed in consultation with people with disabilities.

Current level of performance 2005–06

New policy

Number of consultations: 7. Percentage of consultations undertaken with people with disabilities: 71% (80% in 2004–05)

Revised policy – no consultations

Performance indicator 3: Public announcements of new, revised or proposed policy/program initiatives are available in accessible formats¹ for people with disabilities in a timely manner.

Performance measure: Percentage of new, revised or proposed policy/program announcements available in a range of accessible formats.

Time taken in providing announcements in accessible formats.

Current level of performance 2005–06

- A total of 257 Ministerial media announcements were made during the year with 100 per cent of these announcements available on the Internet in HTML at the time of the announcement. Announcements were also distributed via fax to selected media.

- No requests were received for media announcements in other formats (currently available in HTML).
- The Department's website is continually reviewed and updated in line with best practice accessibility.
- Guidelines for planning and producing materials in accessible formats continue to be updated and available on the Department's intranet.
- Information, including discussion papers and fact sheets, is available on the website in HTML, Word and/or PDF.

Regulator role

Performance indicators:

1. *Publicly available information on regulations and quasi-regulations is available in accessible formats for people with disabilities.*
2. *Publicly available regulatory compliance reporting is available in accessible formats for people with disabilities.*

Performance measures: Percentage of publicly available information on regulations and quasi-regulations requested and provided in accessible electronic formats; and accessible formats other than electronic.

Average time taken to provide accessible material in electronic format and formats other than electronic.

¹ Accessible formats include electronic formats such as ASCII (or .txt) files and html for the web. Non electronic accessible formats include Braille, audio cassette, large print and easy English. Other ways of making information accessible include video captioning and Auslan interpreters.

Current level of performance 2005–06

- All legislative instruments made since 1 January 2005, and between 1 January 2000 and 31 December 2004, are posted on the Federal Register of Legislative Instruments (a publicly available website database managed by the Attorney-General's Department) in multiple formats.
- No requests were received for information on regulations and quasi-regulations or for compliance reporting in accessible formats.
- In line with Government Policy, the Departmental Regulatory Plan is available on the Department's website in an accessible format
- The Department's website is continually reviewed and updated in line with best practice accessibility guidelines. Web policies have been updated to better reflect W3C recommendations.

Purchaser role

Performance indicator 1: Publicly available information on agreed purchasing specifications is available in accessible formats for people with disabilities.

Performance measure: Percentage of publicly available purchasing specifications requested and provided in accessible electronic formats and accessible formats other than electronic.

Average time taken to provide accessible material in electronic formats and formats other than electronic.

Current level of performance 2005–06

Contracts:

All open tender processes are available online, with all tender documentation available in PDF format for security reasons. On request, the Department is able to provide tender documentation in a range of accessible formats.

Grants:

100 per cent of grant program guidelines are available online (those grant programs subject to applications). No requests were received for information in other formats. Other accessible formats available on request.

Performance indicator 2: Processes for purchasing goods or services with a direct impact² on the lives of people with disabilities are developed in consultation with people with disabilities.

Performance measure: Percentage of processes for purchasing goods or services that directly impact on the lives of people with disabilities that are developed in consultation with people with disabilities.

Current level of performance 2005–06

Contracts:

Procurement of goods that directly impact upon the lives of employees with a disability is carried out in consultation with people with disabilities through a service provider and a central area of the Department.

The Department has set up a panel of contractors to carry out construction-related works within the Department's premises. All works will be carried out

² Direct impact means those goods and services which will have an explicit consequence, effect or influence on people with disabilities. It includes the purchase of mainstream goods and services as well as specialist disability services.

in accordance with the relevant accessibility standards. The contract complies with accessibility standards.

During 2006–06:

- work was completed on the access ramp for people with disabilities at the rear of Old Parliament House;
- the installation of automatic sliding doors from the Strangers' Gallery area improved access to the Senate Courtyard and café areas of OPH; and
- disabled access toilet facilities were made available in the OPH refurbished education spaces.

Performance indicator 3: Purchasing specifications³ and contract requirements for the purchase of goods and services are consistent with the requirements of the Disability Discrimination Act 1992.

Performance measure: Percentage of purchasing specifications for goods and services that specify that tender organisations must comply with the Disability Discrimination Act 1992.

Percentage of contracts for the purchase of goods and services that require the contractor to comply with the Disability Discrimination Act 1992.

Current level of performance 2005–06

Contracts:

The Department's standard contract terms require compliance with relevant legislation including the *Disability Discrimination Act 1992*. Draft contracts are supplied with all standard requests for tender.

Grants:

The Department's standard funding deeds require compliance with the *Disability Discrimination Act 1992*.

Performance indicator 4: Publicly available performance reporting against the purchase contract specifications requested in accessible formats for people with disabilities is provided.

Performance measure: Percentage of publicly available performance reports against the contract purchasing specification requested and provided in accessible electronic formats and accessible formats other than electronic.

Average time taken to provide accessible material in electronic formats and formats other than electronic.

Current level of performance 2005–06

Contracts:

Information is available online at the Australian Government Tender System home page (www.tenders.gov.au).

Information complying with the requirements of the Order of the Senate for Department and Agency Contracts is on the Department's website (www.dcita.gov.au). Details of consultancy contracts are reported as part of the Annual Report.

Grant programs:

One hundred per cent of the Department's grant program guidelines are available online (generally in HTML format). No requests were received for information in other formats. For documents not in HTML, contact details are included so that applicants can request documents in alternative formats if required.

³ Purchasing agreements can include contracts, memoranda of understanding and service level agreements.

General:

The Department's website publishing guidelines have been updated to take better account of W3C recommendations.

The Old Parliament House and National Portrait Gallery websites continue to be upgraded in accordance with Commonwealth Government guidelines for website accessibility.

Performance indicator 5: Complaints/grievance mechanisms, including access to external mechanisms in place to address concerns raised about provider's performance.

Performance measure: Established complaints/grievance mechanisms, including access to external mechanisms, in operation.

Current level of performance 2005–06

The Department's Client Service Charter 2005–08 outlines the mechanism for formal complaints, including access to external review bodies. The Department encourages feedback and comments through the website through the 'feedback' and 'contact us' links at the bottom of each page.

The Department received 21 feedback forms during the last year, of which 19 were positive and three were negative.

Grant programs continue to have well established feedback mechanisms. In general, grants program areas on the website offer feedback mechanisms. Verbal and written feedback between the Department and the grantees occurs. A 'freecall 1800' telephone service operates for some grant programs as well as direct telephone numbers and generic email addresses available for enquiries or as an avenue of complaints.

Provider role

Performance indicator 1: Providers have established mechanisms for quality improvement and assurance.

Performance measure: Evidence of quality improvement and assurance systems in operation.

Current level of performance 2005–06

The established mechanisms for quality improvement and assurance include a feedback form in the Department's Client Service Charter 2005–08, the annual client service survey, and the provision for feedback on the website.

The results of the 2006 client service survey identify a small proportion (three per cent) of the Department's clients have special needs when accessing Departmental services. Fourteen respondents reported that they required English as a second language services, ten require community languages and interpreter services, two require TTY and access to large print format, and seven indicated that they require online material accessible to people with disabilities. The Department has in place a range of options for people with particular needs.

The Department's website publishing guidelines have been updated to better reflect W3C recommendations.

The Old Parliament House and National Portrait Gallery websites continue to be upgraded in accordance with Commonwealth Government guidelines for website accessibility.

Snapshot examples:

Culture and Recreation Web Portal was upgraded in 2004–05 to raise the level of conformity to the Web Content Accessibility Guidelines 1.0 standard to the highest level, a Triple A rating to assist people with disabilities to navigate the site. Over 2005–06, the Department continued to research and monitor mechanisms to improve accessibility and useability. Some minor technical changes were introduced with further technical upgrades scheduled for implementation over 2006–07.

The Collections Australia Network website is currently Double A compliant with web content accessibility. The network is currently working with the W3C standards towards Triple A compliance.

Old Parliament House and the National Portrait Gallery have continued to take into account a range of access issues when designing public programs, educational training of volunteer guides and building thoroughfares.

Performance indicator 2: Providers have an established service charter that specifies the roles of the provider and consumer and service standards which address accessibility for people with disabilities.

Performance measure: Established service charter that adequately reflects the needs of people with disabilities in operation.

Current level of performance 2005–06

The Department's Client Service Charter has been in place since 1998. Regular internal and external reviews ensure that the charter adequately addresses accessibility and diversity issues through the provision of a wide range of contact options, including TTY, and through clearly

set out service standards that include sensitivity to diversity issues. The Department's annual client service survey gauges the respondent's knowledge of the Department's Client Service Charter 2005–08. In 2006, client awareness of the service standards in the charter was higher than in previous years (23 per cent in 2006 compared to 19 per cent in 2005). Awareness of the charter was significantly higher among clients who deal with the Department about telecommunications and policy issues (32 and 36 per cent respectively).

Performance indicator 3: Complaints/grievance mechanisms, including access to external mechanisms, in place to address concerns raised about performance.

Performance measure: Established complaints/grievance mechanisms, including access to external mechanisms, in operation.

Current level of performance 2005–06

The Department's Client Service Charter 2005–08 outlines a formal feedback and complaint mechanism, including access to external review bodies.

The Department's website includes 'feedback' and 'contact us' sections. The Department received 21 feedback forms during the last year of which 19 were positive and three were negative.

Grant programs continue to have well established feedback mechanisms. In general, grants program areas on the website offer feedback mechanisms. Verbal and written feedback between the Department and the grantees occurs. A 'freecall 1800' telephone service operates for some grant programs, and a generic email address is available for enquiries or as an avenue of complaints.

Employer role

Performance indicator 1: Employment policies, procedures and practices comply with the requirements of the Disability Discrimination Act 1992.

Performance measure: Number of employment policies, procedures and practices that meet the requirements of the *Disability Discrimination Act 1992*.

Current level of performance 2005–06

The Department's recruitment procedures, employment programs and policies meet the requirements of the *Disability Discrimination Act 1992*. The Department's Certified Agreement complies with the Act.

Performance indicator 2: Recruitment information for potential job applicants is available in accessible formats⁴ on request.

Performance measure: Percentage of recruitment information requested and provided in accessible electronic formats, and accessible formats other than electronic.

Average time taken to provide accessible information in electronic formats, and formats other than electronic.

Current level of performance 2005–06

All recruitment information is available in accessible electronic formats on the Internet and intranet.

Recruitment staff are able to provide information in hard copy, large print or other formats on request. There were no requests for information in other accessible formats.

Electronic format information has an approximate download time of 20 seconds through a web-based tool. Timelines for the provision of other than electronic formats is dependent on the delivery mechanism.

Performance indicator 3: Agency recruiters and managers apply the principle of reasonable adjustment.

Performance measure: Percentage of recruiters and managers provided with information on reasonable adjustment.

Current level of performance 2005–06

The principle of reasonable adjustment is applied by the Department in the recruitment of people with a disability and all recruiters and managers have access to the Disability Discrimination Act through the Department's intranet link.

Performance indicator 4: Training and development programs consider the needs of staff with disabilities.

Performance measure: Percentage of training and development programs that consider the needs of staff with disabilities.

Current level of performance 2005–06

All training and development courses provide facilities that have reasonable access for people with disabilities. Staff with disabilities who book for internal courses are encouraged to discuss their needs with HR Services.

⁴ Accessible electronic formats include ASCII (or .txt) files and html for the web. Non electronic accessible formats include Braille, audio cassette, large print and easy English. Other ways of making information accessible include video captioning and Auslan interpreters.

Performance indicator 5: Training and development programs include information on disability issues as they relate to the content of the program.

Performance measure: Percentage of training and development programs that include information on disability issues as they relate to the program.

Current level of performance 2005–06

The following programs were conducted in 2005–06 and included significant information on disability issues.

- Five sessions on 'APS Values' and 'Code of Conduct'
- Three Capability Training Programs
- One training course for Health and Safety Representatives
- One training course for Workplace Diversity and Harassment Contact Officers.

Performance indicator 6: Complaint/grievance mechanism, including access to external mechanisms, in place to address issues and concerns by staff.

Performance measure: Established complaints/grievance mechanisms, including access to external mechanisms in operation.

Current level of performance 2005–06

The Certified Agreement includes provisions for complaint and grievance resolution, including access to external mechanisms.

Appendix 7

Freedom of information

This statement is provided in accordance with section 8 of the *Freedom of Information Act (1982)* and is correct as at 30 June 2006.

Section 8 of the FOI Act requires each agency to publish detailed information about the way it is organised, its powers, the kinds of decisions made, arrangements for public involvement in work of the agency, documents held by the agency and how members of the public can access these documents.

Access to records under the FOI Act

Members of the public are entitled to apply for access to documents under the FOI Act. However, in many cases, the act may not need to be used. The information being sought may already be readily accessible through the Department's website at www.dcita.gov.au, or by telephoning the Manager of Corporate Communications on 02 6271 1362.

Decisions on granting access to documents under the FOI Act are generally made by the Senior Executive Service officer responsible for the work area to which the request relates. Access is usually provided in the form of copies of documents. Alternatively, the Department can provide a reading area for the inspection of documents made available under the act.

Members of the public seeking access to documents under the FOI Act should make a request in writing to the Department or the relevant portfolio agency and enclose the fee payable under the regulations in respect of the request. These requests

should include contact details including a telephone number and an address in Australia to which notifications can be posted. The Department's FOI Coordinator can help with this process, telephone 02 6271 1657.

FOI requests for the Department should be addressed to:

The Secretary
Department of Communications,
Information Technology and the Arts
GPO Box 2154, Canberra ACT 2601
Attention: Freedom of
Information Coordinator

Portfolio agencies, listed at appendix 1, are part of the Communications, Information Technology and the Arts portfolio but are not part of the Department's functional and organisational structure. To obtain information or documents from these agencies, please contact them directly. Contact details are provided at appendix 1.

Categories of documents

The Department has extensive documentary holdings in hard copy and electronic form. Certain categories of documents are common throughout the Department. These include:

- documents relating to policy development and program administration, including reports, briefings, correspondence, minutes, submissions, statistics and other documents;
- Cabinet submissions and memoranda;
- ministerial briefings;
- records of representations to the portfolio ministers and of other applications for advice and assistance;
- reference material used by staff including guidelines and manuals;
- audio and visual recordings held as part of the Department's cultural development activities; and

- legal advice.

The subject matter of departmental records is set out in the following list.

Cultural and sporting matters

- Performing, literary and visual arts
- Collections sector
- International cultural relations
- Public and educational lending rights
- Cultural access programs
- Taxation issues relating to the cultural sector
- Trade issues relating to the cultural sector
- Return of Indigenous cultural property
- Cultural Ministers Council
- Support for the arts and culture
- The Centenary of Federation in 2001
- Federation Fund projects
- Film
- Digital content
- National recreation safety organisations
- Administration of 2004 election commitments for financial support for the development of sport and recreation facilities and projects
- National anti-doping policy and programs
- International anti-doping forums
- Olympic, Paralympic and Commonwealth Games
- Public liability insurance
- Sports participation
- Sport and leisure industry
- Sport and Recreation Ministers Council

- Portfolio agencies.

Telecommunications

- Telecommunications policy, legislation and regulation
- Connect Australia programs
- Communications Fund
- Postal policy, legislation and regulation
- International communications—bilateral and multilateral arrangements including
 - Universal Postal Union (UPU) and Asian–Pacific Postal Union (APPU)
 - Maintaining international linkages and institutional frameworks through the International Telecommunication Union (ITU), APEC, World Trade Organisation (WTO) and other relevant multilateral forums
- Bilateral trade and cooperation including free trade negotiations
- Higher Bandwidth Incentive Scheme (HIBIS) and Broadband Connect program
- Metropolitan Broadband Connect program
- Telstra and Australia Post—corporate accountability
- Networking the Nation (NTN) General Fund
- Telstra Social Bonus programs
- Untimed Local Calls in Extended Zones Agreement
- Telecommunications Service Inquiry and implementation of Government's response
- Telecommunications Action Plan for Remote Indigenous Communities (TAPRIC)
- Consumer representation and research grants program
- Regional Telecommunications Inquiry and implementation of Government's response

- RTI Community Information campaign.

Information and communications technology

- Information and communications technology (ICT) industry development policy, including ICT Framework for the Future project
- ICT industry development programs, including ICT incubators, Intelligent Island
- ICT industry development aspects of government procurement
- ICT innovation policy, including Backing Australia's Ability program and skills
- National ICT Centre of Excellence
- IT Training and Technical Support program
- Regional Telecommunications Infrastructure Fund
- Mobile Connect program
- National Communications Fund
- Intellectual property coordination.

Information economy

- Broadband Blueprint
- Clever Networks
- Broadband Development program
- Next Generation Networks
- Digital Content Working Group
- Online Communications Council (OCC)
- Measurements Working Group
- e-Connectivity
- Coordinated Communications Infrastructure Fund (CCIF)
- Broadband Demand Aggregation Brokers program (DAB)
- National Broadband Strategy Implementation Group (NBSIG)
- Broadband Advisory Group (BAG)
- IT Skills Hub
- Digital divide
- Community connectivity

- Non-profit sector and ICT issues including an e-strategy guide for non-profit organisations and the development of a model for a national non-profit ICT coalition
- Telework and the Australian Telework Advisory Committee (ATAC)
- Broadband development policy
- ICT industry skills
- ICT Skills foresighting working group
- ICT literacy
- ICT productivity
- e-Research
- e-Business
- Information Technology Online program
- Critical infrastructure protection—cyber security component
- Online legal and regulatory framework, including spam and Internet domain names, e-security and trust issues including awareness raising, IT security skills, e-security research and development, authentication, phishing and spyware
- Maintaining international linkages and institutional frameworks through the ITU, APEC, OECD, International Corporation for the Assignment of Domain Names and Numbers (ICANN) and other relevant multilateral forums.

Broadcasting

- Broadcasting policy and development of regulation
- Commercial, national and community broadcasting services
- Television and radio, including digital conversion, pay television, subscription and open narrowcasting services and datacasting
- Broadcasting technology

- Radiocommunications policy, legislation and regulation
- Online content policy and legislation, including interactive gambling regulation
- TV Black Spots—Alternative Technical Solutions (ATS) program
- Commercial Radio Black Spots program
- NetAlert
- Regional Equalisation Plan.

Indigenous programs and policy

- Broadcasting program
- Maintenance of Indigenous languages and records
- Maintenance and promotion of Indigenous arts and cultures
- Indigenous sport and recreation program
- Whole-of-government Indigenous affairs policy.

Legal

- Legal advice, instructions to solicitors and counsel concerning matters before courts and tribunals
- Freedom of information requests
- Ombudsman complaints
- Privacy complaints
- Documents relating to the drafting of legislation and contracts.

Corporate and business

- Human resource management policy and operations
- Financial and budget management
- IT and facilities management
- Other corporate support services.

Manuals

In accordance with section 9 of the FOI Act, a list has been compiled of unpublished manuals and other documents used by departmental staff as a guide to procedures and practices to be followed when dealing with the public. The list is correct as at 30 June 2006 and is available on request from the FOI coordinator, any office of the National Archives of Australia (NAA) or the NAA website.

Organisation and functions

Information about the organisation and functions of the Department is contained in the Overview and Management and Accountability section of this annual report.

Decision making powers of the Department affecting members of the public

Decision making powers of the Department and/or the Minister that may affect members of the public are exercised under or in relation to the following Acts or regulations or other instruments made under those Acts:

- *Appropriation (Supplementary Measures) Act (No.1) 1999*
- *Archives Act 1983*
- *Australia Council Act 1975*
- *Australian Broadcasting Corporation Act 1983*
- *Australian Communications and Media Authority Act 2005*
- *Australian Film Commission Act 1975*
- *Australian Film, Television and Radio School Act 1973*
- *Australian National Maritime Museum Act 1990*

- *Australian Postal Corporation Act 1989*
- *Australian Sports Commission Act 1989*
- *Australian Sports Anti-Doping Authority Act 2006*
- *Broadcasting Services Act 1992*
- *Datacasting Charge (Imposition Act) 1998*
- *Film Licensed Investment Company Act 2005*
- *Financial Management and Accountability Act 1997*
- *Income Tax Assessment Act 1936* – Divisions 10B and 10BA of Part III for certification of Australian films for tax concessions
- *Income Tax Assessment Act 1997* – Section 30-210 for the approval of valuers for the Cultural Gifts Program; subsection 30-305(2) in Division 30 for the approval of cultural organisations for the Register of Cultural Organisations; and Division 376 for the certification of films for eligibility for the refundable tax offset for film production in Australia
- *Interactive Gambling Act 2001*
- *Migration Regulations 1994*, Schedule 2—in respect to the entry of foreign actors to Australia
- *National Gallery Act 1975*
- *National Library Act 1960*
- *National Museum of Australia Act 1980*
- *National Transmission Network Sale Act 1998*
- *NRS Levy Imposition Act 1998*
- *Public Lending Right Act 1985*
- *Public Service Act 1999*
- *Radiocommunications Act 1992*
- *Radiocommunications (Receiver Licence Tax) Act 1983*
- *Radiocommunications (Spectrum Licence Tax) Act 1997*
- *Radiocommunications Taxes Collection Act 1983*
- *Radiocommunications (Transmitter Licence Tax) Act 1983*
- *Radio Licence Fees Act 1964*
- *Spam Act 2003*
- *Special Broadcasting Service Act 1991*
- *Telecommunications Act 1997*
- *Telecommunications (Carrier Licence Charges) Act 1997*
- *Telecommunications (Consumer Protection and Service Standards) Act 1999*
- *Telecommunications (Numbering Charges) Act 1997*
- *Telecommunications (Transitional Provisions and Consequential Amendments) Act 1997*
- *Telecommunications (Universal Service Levy) Act 1997*
- *Television Licence Fees Act 1964*
- *Telstra Corporation Act 1991*
- *Trade Practices Act 1974*, Parts XIB and XIC.

Arrangements for outside participation and public involvement

The Department is open to the views of outside organisations and provides opportunities for members of the community to contribute to developing aspects of Australia's communications, information technology, arts and sport sectors. Information about issues on which the Department is currently consulting is available on the Department's website at www.dcita.gov.au

The Department has an ongoing involvement with the following bodies, each of which play a role in consulting with the community and industry.

- Collections Council of Australia
- Committee on Taxation Incentives for the Arts
- Community Broadcasting Foundation
- Contemporary Music Touring Program committee
- Cultural Ministers Council (CMC)
- Digital Content Industry Action Agenda Strategic Industry Leaders Group
- Festivals Australia Committee
- Film Certification Advisory Board
- Media and Communications Council (MACC)
- Online and Communications Council including its Regional Communications and Indigenous Telecommunications Working Groups
- Playing Australia Committee
- Public Lending Right (PLR) Committee
- Sport and Recreation Ministers Council (SRMC)
- Visions of Australia Committee.

Further details of these bodies are listed on the Department's website at www.dcita.gov.au

Appendix 8

Advertising and market research

The following table details of all amounts of \$1500 or more paid by the Department during the year to:

- advertising agencies
- market research organisations
- polling organisations
- direct mail organisations
- media advertising organisations.

The total paid by, or on behalf of, the Department for all advertising and market research for the 2005–06 year is \$1 090 436.28.

Direct mail organisations

Organisation name	Purpose	Amount of payment
Hermes Precisa	ELR mailout	\$6985.83
National Mailing & Marketing	Direct mail for metro broadband	\$32 321.82
Direct mail organisations total		\$39 307.65

Market research organisations

Organisation name	Purpose	Amount of payment
Haystac Public Affairs	Focus testing of key themes and awareness messages for the National Awareness Initiative	\$2028.40
Environmetrics Pty Ltd	OPH Café & functions survey reports	\$2180.00
Emergency Preparedness Capacity Builders	Communications sector infrastructure assurance advisory group desktop exercise 'Exercise Eclipse'	\$19 216.11
Quantum Market Research	Market research for consumer information campaign	\$36 477.27
Origin Communications	Audience research on Indigenous television programming	\$79 977.21
Market research organisations total		\$139 878.99

Advertising agencies

Organisation name	Purpose	Amount of payment
HMA Blaze Pty Ltd	Advertisements, APS5 and APS6 WA regional network	\$1540.50
HMA Blaze Pty Ltd	Advertisements for breakfast seminars	\$1564.68
HMA Blaze Pty Ltd	Public consult on WSIS	\$1593.06
HMA Blaze Pty Ltd	Public consult on WSIS	\$1706.85
HMA Blaze Pty Ltd	Advertisements, various ICC positions	\$1708.16
HMA Blaze Pty Ltd	Advertorial for breakfast seminars	\$1766.31
Expertise Events	National Expo booth	\$1830.00
HMA Blaze Pty Ltd	Advertisement—various positions WA regional network	\$1896.00
HMA Blaze Pty Ltd	Advertisement, graduate program	\$2052.60
HMA Blaze Pty Ltd	Advertisement, APS4 ICC Brisbane	\$2135.52
HMA Blaze Pty Ltd	Advertorial for breakfast seminars	\$2212.08
HMA Blaze Pty Ltd	EOI for Metro Broadband Blackspots	\$2774.46
HMA Blaze Pty Ltd	RFT for Connect Australia program	\$3018.60
ZOO Communications	Creative concepts for Mrs PM TV advert	\$3030.00
ZOO Communications	Creative concepts for Mrs PM TV advert	\$3030.00
HMA Blaze Pty Ltd	Graphic design and related services tender advertising	\$3234.93
HMA Blaze Pty Ltd	Spam Act review launch—public notice in The Australian Newspaper—call for submissions and comments	\$3414.72

Advertising agencies (continued)

Organisation name	Purpose	Amount of payment
ZOO Communications	Creative concepts for Press Gallery TV advert	\$3500.00
ZOO Communications	Creative concepts for Press Gallery TV advert	\$3500.00
HMA Blaze Pty Ltd	IT Security & Governance Tender advertisement	\$4276.26
HMA Blaze Pty Ltd	Denial of Service Attack Tender advertisement	\$4513.83
HMA Blaze Pty Ltd	Spam Act review launch—public notice in The Australian and The Weekend Australian newspapers	\$4863.15
HMA Blaze Pty Ltd	Advertisement, school leaver program	\$4900.93
Hobsons Australia P/L	Advertisement, graduate opportunities 2006	\$5500.00
HMA Blaze Pty Ltd	RFT for NRS tender	\$7,982.52
HMA Blaze Pty Ltd	Advertising for s593 grants	\$8524.86
HMA Blaze Pty Ltd	RFT for disability tender	\$8552.52
HMA Blaze Pty Ltd	Advertisement, various ICC positions	\$9704.35
HMA Blaze Pty Ltd	Advertisement, graduate program	\$10 057.74
HMA Blaze Pty Ltd	Advertising in national newspapers to invite applications for the ITOL grant.	\$14 966.46
HMA Blaze Pty Ltd	EOI for the Do Not Call register	\$15 934.95
HMA Blaze Pty Ltd	Newspaper advertisements for Metro Broadband	\$58 228.24
Advertising agencies total		\$203 514.28

Media advertising organisations

Organisation name	Purpose	Amount of payment
HMA Blaze Pty Ltd	Invoice CC05080499	\$1500.00
Holiday Happenings	Advertising in Holiday Happenings magazine	\$1573.00
Cinden Lester Communications	Review and edit of evaluation report	\$1595.00
The Federal Capital Press Pty Ltd	Advertising in The Canberra Times	\$1636.36
AAA Tourism	Qtr page advertisement in Experience NSW 2005	\$1667.27
iMedia Asia Pacific Pty Ltd	Advertising in State of Art Magazine Jan–March 2006	\$1700.00
Cinden Lester Communications	Workforce newsletter	\$1705.00
Win Television	TV placement on Win TV —Rennie Ellis	\$1707.00
City News	Advertisement in City News —Floriade & Bloom	\$1760.00
iMedia Asia Pacific Pty Ltd	Advertising in State of Art Magazine April–June 2006	\$2000.00
10 group	Advertising in Look Magazine April 2006	\$2120.00
HMA Blaze Pty Ltd	Media Placement on Radio FM 106.3 for Dismissal	\$2224.00
NRS Group Pty Ltd	Broadcasting on Channel Vision	\$2290.91
HMA Blaze Pty Ltd	Floriade Advertising	\$2359.09
Capital Magazine Publishing	Advertising in Magazine —Mar–Apr issue	\$2430.00
HMA Blaze Pty Ltd	Advertising in Panorama	\$2495.24
Regional Publishers Pty Limited	Advertising in regional magazines	\$2568.91
TW Media Pty Ltd	Advertising in This Week in Canberra	\$2590.91

Media advertising organisations (continued)

Organisation name	Purpose	Amount of payment
TW Media Pty Ltd	Advertising in This Week in Canberra	\$2590.91
BMA	Advertising in 3 issues of BMA magazine	\$2673.00
HMA Blaze Pty Ltd	Advertising for Flash in Melbourne Age 18/03/2006	\$2751.37
HMA Blaze Pty Ltd	Advertising for Flash in Melbourne Age 25/03/2006	\$2751.37
HMA Blaze Pty Ltd	Advertising in Sydney Morning Herald	\$2827.77
Prime Television Pty Ltd	TV Adverts—Eureka	\$2841.00
HMA Blaze Pty Ltd	Advertising in Panorama	\$2853.38
Craft Arts International	Advertisement in Craft Arts Magazine—Issues 64 & 65	\$2900.00
HMA Blaze Pty Ltd	Advertising	\$3018.60
Canberra Educational Tours Services	Advertising in 2006 & 2007 Classroom Canberra Excursion Planner	\$3218.18
Australian Capital Tourism Corporation	CRVC Over Counter Panel Advertising 2005–06	\$3231.82
HMA Blaze Pty Ltd	Advertising in Sydney Morning Herald	\$3274.38
Cinden Lester Communications	Phase 3	\$3300.00
Australian Centre for Photography	Advertising in 4 issues of Photofile	\$3389.73
HMA Blaze Pty Ltd	Advertising Tender for DCON 05/141	\$3421.08
TW Media Pty Ltd	Advertising in This Week in Canberra	\$3454.55
Macquarie Publishing Pty Ltd	Advertising in City News and CAP Magazine	\$3481.82

Media advertising organisations (continued)

Organisation name	Purpose	Amount of payment
HMA Blaze Pty Ltd	Advertising of CGP and ROCO	\$3843.00
HMA Blaze Pty Ltd	Advertising for sport & recreation	\$3899.94
Australian Capital Tourism Corporation	Advertising in 2006 Holiday Planner	\$4090.91
Art Monthly	Advertising in Art Monthly	\$4363.63
HMA Blaze Pty Ltd	Advertising in Sydney Morning Herald	\$4367.44
National Capital Authority	Advertising in National Capital School Excursion Planner 2006 & 2007	\$4445.45
HMA Blaze Pty Ltd	Mrs PM TVCs March Canberra advertisements	\$4463.00
HMA Blaze Pty Ltd	Advertising in Sydney Morning Herald	\$4476.61
HMA Blaze Pty Ltd	Advertising EL2 IC&AS	\$4659.23
HMA Blaze Pty Ltd	TV Media Placement —Press Gallery	\$4767.00
HMA Blaze Pty Ltd	Advertising in Sydney Morning Herald	\$5000.00
HMA Blaze Pty Ltd	Advertising in Wish Magazine	\$5000.00
HMA Blaze Pty Ltd	Advertising in Limelight Magazine	\$5499.00
HMA Blaze Pty Ltd	Advertising in Panorama	\$5512.60
HMA Blaze Pty Ltd	RFT advertising	\$6568.32
HMA Blaze Pty Ltd	Advertisement	\$6677.80
Australian War Memorial	Joint marketing with AWM open day	\$6845.07
HMA Blaze Pty Ltd	Advertising in Panorama	\$8733.34
HMA Blaze Pty Ltd	ELR Advertising	\$9266.14

Media advertising organisations (continued)

Organisation name	Purpose	Amount of payment
HMA Blaze Pty Ltd	PLR Advertising	\$9266.15
HMA Blaze Pty Ltd	Mrs PM TVCs March Sydney advertisements	\$9954.00
HMA Blaze Pty Ltd	Advertising in Panorama	\$9986.83
Australian Capital Tourism Corporation	From the Vault advertising campaign	\$10 000.00
Capital Magazine Publishing	Advertising in Magazine —Issues 17–22	\$10 350.00
HMA Blaze Pty Ltd	Festivals Australia Advertising	\$10 685.27
HMA Blaze Pty Ltd	Advertising FLIC scheme	\$10 982.92
HMA Blaze Pty Ltd	Advertisements for public submissions to the e-Security National Agenda Review	\$11 208.21
HMA Blaze Pty Ltd	Advertising in Panorama	\$12 000.00
Win Television	TV Placement On Win TV —My Melancholy Duty	\$12 015.00
HMA Blaze Pty Ltd	Visions of Australia advertising	\$12 573.96
HMA Blaze Pty Ltd	Advertising of CGP and ROCO	\$13 060.00
HMA Blaze Pty Ltd	CEO for AFC	\$14 886.00
HMA Blaze Pty Ltd	Media placement with Win TV for Dismissal	\$15 223.00
HMA Blaze Pty Ltd	Campaign and non campaign advertising	\$15 966.59
HMA Blaze Pty Ltd	Advertising for Artbank Director	\$16 615.04
HMA Blaze Pty Ltd	Advertising	\$19 507.63
HMA Blaze Pty Ltd	Arts & Touring	\$22 406.00

Media advertising organisations (continued)

Organisation name	Purpose	Amount of payment
HMA Blaze Pty Ltd	Advertising of Playing Australia	\$22 885.00
HMA Blaze Pty Ltd	Festivals Australia advertising	\$22 885.00
HMA Blaze Pty Ltd	Advertising of CGP and ROCO	\$23 095.00
HMA Blaze Pty Ltd	Mrs PM TVCs placement Feb–Mar 2006	\$25 680.00
HMA Blaze Pty Ltd	Advertisement	\$27 327.60
HMA Blaze Pty Ltd	Advertising of Digital Content Industry Action Agenda forums	\$28 846.30
HMA Blaze Pty Ltd	Satellite Phone Subsidy Scheme advertising	\$30 460.90
Cinden Lester Communications	Aust Govt Stories Project —Pitching and Placement	\$31 625.00
HMA Blaze Pty Ltd	Advertising in Panorama	\$31 794.81
HMA Blaze Pty Ltd	Advertising in Panorama	\$36 069.02
Media advertising organisation total		\$707 735.36

Appendix 9

Discretionary grants

Discretionary grants are payments where the Minister or paying agency has discretion in determining whether or not a particular applicant receives funding and the conditions that apply in return for the grant.

The discretionary grant programs administered by the Department in 2005–06 are listed below.

- Anti-Doping Research program
- Commercial Radio Black Spots program
- Consumer representation and research grants
- Coordinated Communications Infrastructure Fund
- Cultural Development Program
 - Contemporary Music Touring Program
 - Festivals Australia
 - Playing Australia
 - Regional Arts Fund
 - Visions of Australia
- Demand Aggregation Broker program
- Indigenous Broadcasting program
- Indigenous Sport and Recreation program
- IT Training and Technical Support program
- Maintenance of Indigenous Languages and Records
- National Arts and Crafts Industry Support
- National Transmission Network Residual Funding Pool
- National Recreation Safety program
- Networking the Nation
- Promotion of Indigenous Art
- Regional Arts and Culture Support
- Remote commercial transmission supplementation
- Television Black Spots—Alternative Technical Solutions program

More information about these programs is available on the Department's website at www.dcita.gov.au. A list of grant recipients for each program is available on request.

Appendix 10

Ecologically Sustainable Development (ESD) and environmental performance

In 2005–06, the Department continued its commitment to ecologically sustainable development and environmental performance. The following initiatives in the Department's environment policy are aimed at minimising the effect that its daily activities have on the environment.

The initiatives include:

- reusing and recycling waste and materials consumed by its activities;
- complying with relevant legislation, Government initiatives and policies;
- effectively communicating environmental responsibilities, initiatives and programs;
- encouraging participation and promoting awareness of environmental opportunities in the workplace; and
- applying the principles of ecologically sustainable development to capital works projects.

Specific initiatives undertaken during the year to assist in this aim included:

- implementation of mobile phone recycling through 'Mobile Muster', the mobile phone industry's official recycler;
- implementation of ethanol fuel guidelines to promote the use of E10 fuel in the Department's vehicle fleet;
- registration of the Department's vehicle fleet with 'Greenfleet' to offset greenhouse gas emissions; and
- an increase in green energy usage from five per cent to eight per cent.

These initiatives have allowed the Department to move closer to accreditation, which is expected in December 2006, and further improve the Department's Environmental Management System (EMS).

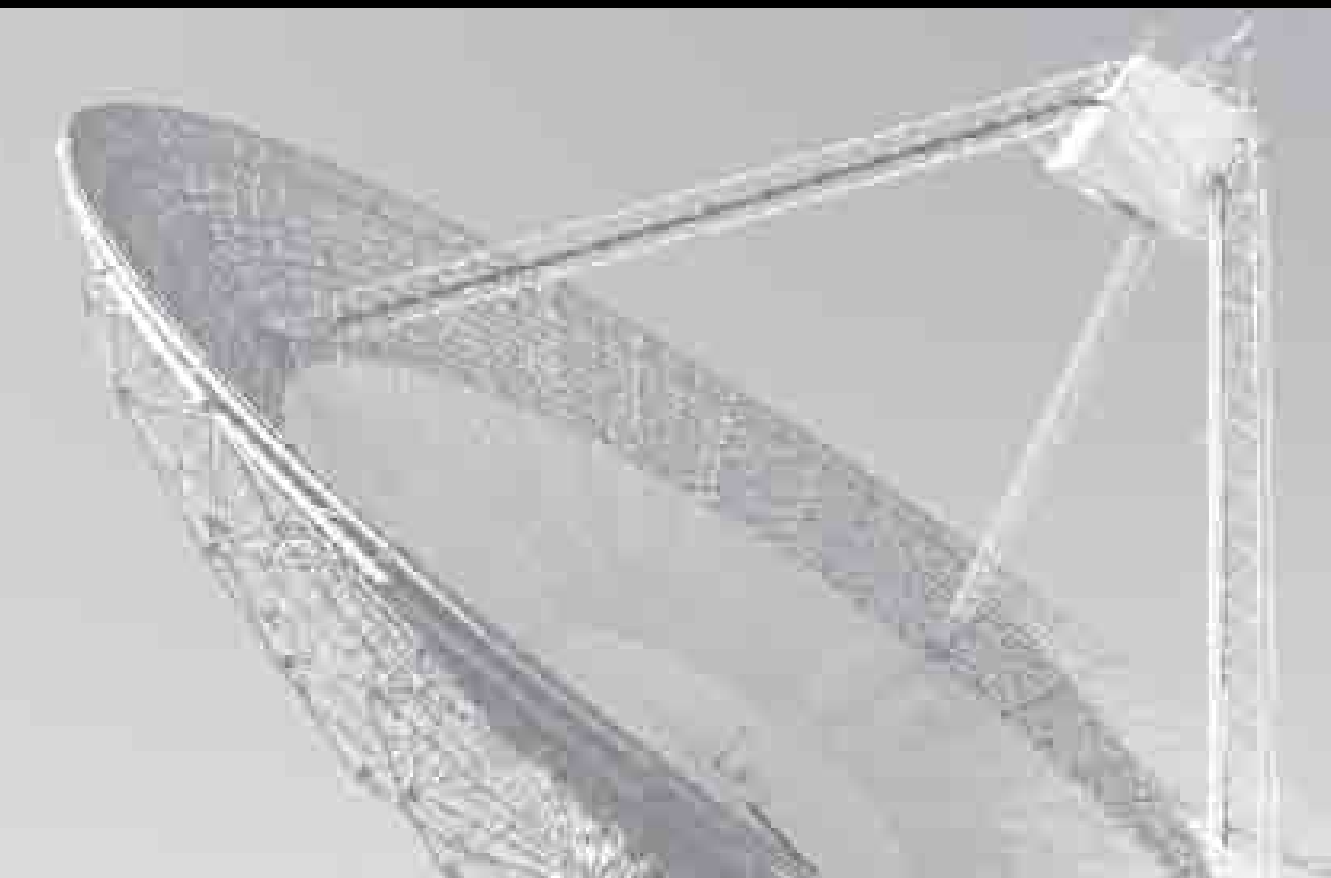
Monitoring of the EMS continued to be a focus during the year through:

- a review the Department's EMS documentation by Coffee Environments Pty Ltd to ensure it is maintained in accordance with the revised international standard ISO 14001:2004; and
- energy consumption monitoring through the Department of Environment and Heritage EDGAR online reporting system.

05

Financial statements

Department of Communications,
Information Technology and the Arts





INDEPENDENT AUDIT REPORT

To the Minister for Communications, Information Technology and the Arts

Scope

The financial statements and Secretary's responsibility

The financial statements comprise:

- Statement by the Secretary and Chief Financial Officer;
- Income Statement, Balance Sheet and Statement of Cash Flows;
- Statement of Changes in Equity;
- Schedules of Commitments and Contingencies;
- Schedule of Administered Items; and
- Notes to and forming part of the Financial Statements

of the Department of Communications, Information Technology and the Arts for the year ended 30 June 2006.

The Department's Secretary is responsible for preparing financial statements that give a true and fair presentation of the financial position and performance of the Department of Communications, Information Technology and the Arts, and that comply with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, Accounting Standards and other mandatory financial reporting requirements in Australia. The Department's Secretary is also responsible for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit Approach

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

I have performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, Accounting Standards and other mandatory financial

GPO Box 707 CANBERRA ACT 2601
Cenotaph House
19 National Circuit BARTON ACT
Phone (02) 6203 7500 Fax (02) 6203 7777

reporting requirements in Australia, a view which is consistent with my understanding of the Department's financial position, and of its financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Secretary.

Independence

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the ethical requirements of the Australian accounting profession.

Audit Opinion

In my opinion, the financial statements of the Department of Communications, Information Technology and the Arts:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*; and
- (b) give a true and fair view of the Department of Communications, Information Technology and the Arts' financial position as at 30 June 2006 and of its performance and cash flows for the year then ended, in accordance with:
 - (i) the matters required by the Finance Minister's Orders; and
 - (ii) applicable Accounting Standards and other mandatory financial reporting requirements in Australia.

Australian National Audit Office



Carla Jago
Executive Director
Delegate of the Auditor-General
Canberra
29 September 2006




Australian Government
**Department of Communications,
Information Technology and the Arts**

**DEPARTMENT OF COMMUNICATIONS, INFORMATION TECHNOLOGY
AND THE ARTS (DCITA)**

2005-2006 FINANCIAL STATEMENTS

**STATEMENT BY THE DEPARTMENTAL SECRETARY
AND CHIEF FINANCIAL OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2006 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*.

Signed... 

Helen Williams AO
Secretary

28 September 2006

Signed... 

Jennifer Gale FCPA
Chief Financial Officer

29 September 2006

Department of Communications, Information Technology and the Arts

INCOME STATEMENT

for the year ended 30 June 2006

	Notes	2006 \$'000	2005 \$'000
INCOME			
<i>Revenue</i>			
Revenues from Government	4A	119,804	114,180
Goods and services	4B	3,047	3,347
Interest	4C	-	12
Rent	4D	1,305	477
Royalties	4E	-	325
Other revenues	4F	4,518	3,438
Total revenue		128,674	121,779
<i>Gains</i>			
Other gains	4G	406	509
Total gains		406	509
TOTAL INCOME		129,080	122,288
EXPENSES			
Employees	5A	67,451	63,108
Suppliers	5B	40,796	39,041
Depreciation and amortisation	5C	3,385	2,640
Finance costs	5D	60	17
Write-down and impairment of assets	5E	287	11
Loss from disposal of assets	5F	28	40
Grants	5G	2,513	8,918
Other	5H	30	57
TOTAL EXPENSES		114,550	113,832
OPERATING RESULT		14,530	8,456
Net surplus attributable to the Australian Government		14,530	8,456

The above statement should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
BALANCE SHEET
as at 30 June 2006

	Notes	2006 \$'000	2005 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	6A	9,378	9,169
Receivables	6B	64,377	52,057
Accrued revenue	6C	25	22
Total financial assets		73,780	61,248
Non-financial assets			
Land and buildings	7A,E	5,176	7,146
Infrastructure, plant and equipment	7B,E	7,721	5,981
Heritage and cultural assets	7C,E	41,814	37,242
Inventories	7F	36	78
Intangibles	7D,E	1,023	742
Other non-financial assets	7G	602	1,919
Total non-financial assets		56,372	53,108
TOTAL ASSETS		130,152	114,356
LIABILITIES			
Payables			
Suppliers	8A	4,545	6,003
Unearned income	8B	1,971	2,209
Lease incentive	8C	280	349
Other payables	8D	818	846
Total payables		7,614	9,407
Provisions			
Employees	9A	18,785	18,340
Provision for makegood on leased property	9B	1,124	1,039
Total provisions		19,909	19,379
TOTAL LIABILITIES		27,523	28,786
NET ASSETS		102,629	85,570
EQUITY			
Contributed equity		12,453	11,806
Reserves		18,914	17,032
Retained surpluses		71,262	56,732
TOTAL EQUITY		102,629	85,570
Current assets		25,644	28,990
Non-current assets		104,508	85,366
Current liabilities		24,362	25,389
Non-current liabilities		3,161	3,397

The above statement should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
STATEMENT OF CASH FLOWS
for the year ended 30 June 2006

	Notes	2006 \$'000	2005 \$'000
OPERATING ACTIVITIES			
Cash received			
Goods and services		4,922	5,019
Appropriations		110,918	112,622
Interest		-	15
Grants receipts		240	232
GST received from ATO		3,776	5,061
Other		3,510	2,202
Total cash received		123,366	125,151
Cash used			
Employees		67,254	61,000
Suppliers		45,980	41,046
Borrowing costs		-	2
Grants		1,320	7,127
Cash transfer to OPA		3,190	15,395
Other		105	328
Total cash used		117,849	124,898
Net cash from / (used by) operating activities	11	5,517	253
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		22	24
Repayment of advance funding National Museum project		-	429
Total cash received		22	453
Cash used			
Purchase of property, plant and equipment		5,806	4,603
Total cash used		5,806	4,603
Net cash from / (used by) investing activities		(5,784)	(4,150)
FINANCING ACTIVITIES			
Cash received			
Appropriations - contributed equity		476	3
Restructuring - transfer in ATSI/ATSIC		-	279
Total cash received		476	282
Cash used			
Repayment of debt		-	28
Total cash used		-	28
Net cash from / (used by) financing activities		476	254
Net increase or (decrease) in cash held		209	(3,643)
Cash at the beginning of the reporting period		9,169	12,812
Cash at the end of the reporting period	6A	9,378	9,169

The above statement should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2006

Item	Accumulated results		Asset revaluation reserves		Contributed equity		TOTAL EQUITY	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Opening balance								
Adjustment for changes in accounting policies		48,328	17,032	16,750	11,806	13,156	85,570	78,234
Adjusted opening balance	56,732	(52)	-	-	-	-	-	(52)
Income and expense	56,732	48,276	17,032	16,750	11,806	13,156	85,570	78,182
Re-measurement of makegood adjustment	-	-	(4)	-	-	-	(4)	-
Revaluation adjustment	-	-	1,886	-	-	-	1,886	-
Subtotal income and expenses recognised directly in equity	-	-	1,882	-	-	-	1,882	-
Net operating result	14,530	8,456	-	-	-	-	14,530	8,456
Total income and expenses	14,530	8,456	1,882	-	-	-	16,412	8,456
Transactions with owner:								
<i>Distributions to owners</i>								
Returns of Capital	-	-	-	-	-	(1,079)	-	(1,079)
Restructuring (Note 10)	-	-	-	282	-	(282)	-	-
Other ¹	-	-	-	-	-	-	-	-
<i>Contributions by owners</i>								
Appropriations (equity injections)	-	-	-	-	647	11	647	11
Sub-total transactions with owners	-	-	-	282	647	(1,350)	647	(1,068)
Closing balance as at 30 June	71,262	56,732	18,914	17,032	12,453	11,806	102,629	85,570
Total equity attributable to the Commonwealth	71,262	56,732	18,914	17,032	12,453	11,806	102,629	85,570

¹ Adjustment between Asset Revaluation Reserve (ARR) and Contributed equity following allocation of ARR by asset class

Department of Communications, Information Technology and the Arts
SCHEDULE OF COMMITMENTS
as at 30 June 2006

	2006	2005
	\$'000	\$'000
BY TYPE		
Capital commitments		
Infrastructure, plant and equipment	-	1,742
Total capital commitments	-	1,742
Other commitments		
Operating leases ¹	17,883	24,361
Project commitments	595	189
Research and development	6	-
Grant commitments	437	-
Service contract commitments	6,481	6,337
Other commitments	449	565
Total other commitments	25,851	31,452
Commitments receivable	(5,853)	(3,761)
Net commitments by type	19,998	29,433
BY MATURITY		
Capital commitments		
One year or less	-	1,742
From one to five years	-	-
Over five years	-	-
Total capital commitments	-	1,742
Operating lease commitments		
One year or less	7,350	7,299
From one to five years	10,533	16,831
Over five years	-	231
Total operating lease commitments	17,883	24,361
Other commitments		
One year or less	5,326	3,555
From one to five years	2,642	3,536
Over five years	-	-
Total other commitments	7,968	7,091
Commitments receivable	(5,853)	(3,761)
Net commitments by maturity	19,998	29,433

NB: Commitments are GST inclusive where relevant.

The above schedule should be read in conjunction with the accompanying notes.

as at 30 June 2006

¹ The main operating leases include the following:

Nature of lease	General description of leasing arrangement
Leases for office accommodation	<p><u>Main office accommodation</u> Lease payments at 38 Sydney Avenue are subject to bi-annual reviews adjusted to reflect current market rates. The initial term for the office accommodation expires on 21 November 2007. Two further terms, each of 5 years, are able to be renewed at the Department's discretion following an assessment of its accommodation requirements and current market rates.</p> <p><u>Secondary office accommodation</u> Lease payments at 44 Sydney Avenue are subject to 4% fixed annual adjustment. The initial term for the office accommodation expires on 30 July 2010. A further term of 3 years is available at the Department's discretion following an assessment of its accommodation requirements and current market rates. Lease payments at 28 National Circuit (Burns Centre) are subject to an annual adjustment based on CPI. The initial term for the office accommodation expires on 30 July 2010. There are no options in the lease for extensions beyond this date.</p>
Agreements for the provision of motor vehicles to senior executive officers	No contingent rentals exist. There are no renewal or purchase options available to the Department.

The above schedule should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
SCHEDULE OF CONTINGENCIES

as at 30 June 2006

Contingent liabilities	Claims for damages/costs		Total	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Balance from previous period	-	1,000	-	1,000
New	-	-	-	-
Re-measurement	-	(1,000)	-	(1,000)
Liabilities crystallised	-	-	-	-
Obligations expired	-	-	-	-
Total contingent liabilities	-	-	-	-
Contingent assets	Claims for damages/costs		Total	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Balance from previous period	-	-	-	-
New	-	-	-	-
Re-measurement	-	-	-	-
Assets crystallised	-	-	-	-
Expired	-	-	-	-
Total contingent assets	-	-	-	-
Net contingencies	-	-	-	-

NB: Contingencies are GST inclusive where relevant.

Details of each class of contingent liabilities and assets, including those not included above because they cannot be quantified or considered remote, are disclosed in **Note 12: Contingent Liabilities and Assets**.

The above schedule should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts			
SCHEDULE OF ADMINISTERED ITEMS			
	Notes	2006 \$'000	2005 \$'000
Income Administered on Behalf of Government			
<i>for the year ended 30 June 2006</i>			
Revenue			
Non-Taxation Revenue			
Interest	17A	86,259	493
Dividends	17B	2,860,983	2,368,948
Industry levies	17C	11,075	247,113
Other sources of non-taxation revenue	17D	7,383	28,552
Total Revenues Administered on Behalf of Government		<u>2,965,700</u>	<u>2,645,106</u>
Expenses Administered on Behalf of Government			
<i>for the year ended 30 June 2006</i>			
Grants	18A	358,445	265,043
Subsidies	18B	225,909	286,760
Suppliers	18C	4,605	2,739
Depreciation and amortisation	18D	8,217	8,079
Write-down and impairment of assets	18E	6,274	789
Other expenses	18F	33,747	35,644
Losses			
Net loss from sale of assets	18G	-	1,118
Total Expenses Administered on Behalf of Government		<u>637,197</u>	<u>600,172</u>
This schedule should be read in conjunction with the accompanying notes.			

Department of Communications, Information Technology and the Arts
SCHEDULE OF ADMINISTERED ITEMS (continued)

	Notes	2006 \$'000	2005 \$'000
Assets Administered on Behalf of Government <i>as at 30 June 2006</i>			
Financial Assets			
Cash	19A	66	65
Receivables	19B	15,765	6,230
Investments	19C	34,115,187	7,249,798
Accrued revenue	19D	1,645	-
Total Financial Assets		34,132,663	7,256,093
Non-Financial Assets			
Land and buildings	19E	35,606	36,768
Heritage and cultural assets	19F	55,109	45,705
Prepayments	19G	43,311	3,977
Total Non-Financial Assets		134,026	86,450
Total Assets Administered on Behalf of Government		34,266,689	7,342,543
Liabilities Administered on Behalf of Government <i>as at 30 June 2006</i>			
Payables			
Suppliers	20A	355	7,461
Grants and subsidies	20B	53,249	3,369
GST payable	20C	9,882	4,642
Other payables	20D	624	2
Total Liabilities Administered on Behalf of Government		64,110	15,474
Net Assets Administered on Behalf of Government	21	34,202,579	7,327,069
Current Assets		2,105,782	10,272
Non-current Assets		32,160,907	7,332,271
Current Liabilities		64,110	15,474
Non-current Liabilities		-	-

This schedule should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
SCHEDULE OF ADMINISTERED ITEMS (continued)

	Notes	2006 \$'000	2005 \$'000
Administered Cash Flows			
<i>for the year ended 30 June 2006</i>			
Operating Activities			
Cash Received			
Interest		84,614	608
Dividends		2,860,983	2,368,948
GST received from ATO		38,333	32,033
Other		12,568	88,205
Total Cash Received		2,996,498	2,489,794
Cash Used			
Grant		420,873	281,324
Subsidies		205,326	126,849
Suppliers		5,312	3,756
Other		34,884	45,603
Total Cash Used		666,395	457,532
Net Cash From / (Used In) Operating Activities		2,330,103	2,032,262
Investing Activities			
Cash Received			
Proceeds from returns of investments		-	12,027
Total Cash Received		-	12,027
Cash Used			
Purchase of property, plant, equipment and intangibles		4,888	4,185
Purchase of investment		2,084,595	-
Other		-	626
Total Cash Used		2,089,483	4,811
Net Cash From / (Used In) Investing Activities		(2,089,483)	7,216
Net Increase / (Decrease) in Cash Held		240,620	2,039,478
Cash at the beginning of the reporting period		65	910
Cash from Official Public Account for:			
- Appropriations		631,160	332,754
- Special Accounts		2,010,976	100,263
- Other		43,771	29,643
		2,685,907	462,660
Cash to Official Public Account for:			
- Appropriations		(14,566)	(1,070)
- Special Accounts		(10,560)	(100,277)
- Dividends		(2,860,983)	(2,368,948)
- Other		(40,417)	(32,688)
		(2,926,526)	(2,502,983)
Cash at the End of the Reporting Period	19A	66	65

This schedule should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
SCHEDULE OF ADMINISTERED ITEMS (continued)

	Notes	2006 \$'000	2005 \$'000
Administered Commitments <i>as at 30 June 2006</i>			
BY TYPE			
Capital Commitments			
Land and buildings		-	17
Heritage and cultural assets ¹		<u>141</u>	<u>1,720</u>
Total Capital Commitments		<u>141</u>	<u>1,737</u>
Other Commitments			
Project commitments ²		38	3,004
Grant commitments ³		<u>219,628</u>	<u>160,733</u>
Other commitments		<u>40</u>	<u>9</u>
Total Other Commitments		<u>219,706</u>	<u>163,746</u>
Commitments Receivable		<u>(19,986)</u>	<u>(14,172)</u>
Net Commitments by Type		<u><u>199,861</u></u>	<u><u>151,311</u></u>
BY MATURITY			
Capital Commitments			
One year or less		141	1,737
From one to five years		-	-
Over five years		<u>-</u>	<u>-</u>
Total Capital Commitments		<u><u>141</u></u>	<u><u>1,737</u></u>
Other Commitments			
One year or less		101,145	120,718
From one to five years		<u>118,561</u>	<u>43,028</u>
Over five years		<u>-</u>	<u>-</u>
Total Other Commitments		<u><u>219,706</u></u>	<u><u>163,746</u></u>
Total Commitments Receivable		<u><u>(19,986)</u></u>	<u><u>(14,172)</u></u>
Net Administered Commitments by Maturity		<u><u>199,861</u></u>	<u><u>151,311</u></u>

NB: All commitments are GST inclusive where relevant.

¹ Heritage and cultural assets commitments relate to the refurbishment of the Old Parliament House Building and Heritage Assets.

² Project commitments relate to TV Black Spots – Alternative Technical Solutions.

³ Grant commitments relate to the Cultural Development Program (\$15.4m) Building IT Strengths (\$17.6m), Major ICT - Centre of Excellence (\$137.2m), Telecommunications Services Inquiry Implementation (\$8.6m), Regional Telecommunications Inquiry Response (\$16.7m), Sport and Recreational Facilities (\$11.1m), Community Broadcasting Foundation (\$8.6m) and other administered programs (\$4.4m).

This schedule should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
SCHEDULE OF ADMINISTERED ITEMS (continued)

Administered Contingencies
as at 30 June 2006

Administered Contingent Liabilities	Other guarantees ¹		Indemnities ²		Total	
	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance from previous period	150	-	394,490	959,059	394,640	959,059
New	-	150	1,129,802	394,490	1,129,802	394,640
Re-measurement	-	-	-	-	-	-
Liabilities crystallised	-	-	-	-	-	-
Obligations expired	(150)	-	(394,490)	(959,059)	(394,640)	(959,059)
Total Administered Contingent Liabilities	-	150	1,129,802	394,490	1,129,802	394,640

¹ Guarantee given to the Australian Ballet as a guarantee against loss - Playing Australia.

² Commonwealth indemnity of art exhibitions.

	2006	2005
	\$'000	\$'000
Administered Contingent Assets	Nil	Nil

Unquantifiable and remote but material contingencies are disclosed in **Note 22: Administered Contingent Liabilities** and **Note 23: Administered Contingent Assets**.

Statement of Activities Administered on Behalf of Government

The major administered activities of the Department of Communications, Information Technology and the Arts are directed towards achieving the three outcomes described in Note 1 to the Financial Statements. The major activities undertaken are towards the development of a rich and stimulating cultural sector for all Australians, the development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians, and development of services and provision of a regulatory environment which encourages a sustainable and effective communications sector for the benefit of all Australians, and an internationally competitive information economy and information and communications technology industry.

Details of planned activities for the year can be found in the Agency Portfolio Budget and Portfolio Additional Estimates Statements for 2005-06, which have been tabled in Parliament.

This schedule should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 1:	Summary of Significant Accounting Policies
Note 2:	The impact of the transition to AEIFRS from previous AGAAP
Note 3:	Events after the Balance Sheet Date
Note 4:	Income
Note 5:	Operating Expenses
Note 6:	Financial Assets
Note 7:	Non-Financial Assets
Note 8:	Payables
Note 9:	Provisions
Note 10:	Restructuring
Note 11:	Cash Flow Reconciliation
Note 12:	Contingent Liabilities and Assets
Note 13:	Executive Remuneration
Note 14:	Remuneration of Auditors
Note 15:	Average Staffing Levels
Note 16:	Financial Instruments
Note 17:	Income Administered on Behalf of Government
Note 18:	Expenses Administered on Behalf of Government
Note 19:	Assets Administered on Behalf of Government
Note 20:	Liabilities Administered on Behalf of Government
Note 21:	Administered Reconciliation Table
Note 22:	Administered Contingent Liabilities
Note 23:	Administered Contingent Assets
Note 24:	Administered Investments
Note 25:	Administered Financial Instruments
Note 26:	Appropriations
Note 27:	Special Accounts
Note 28:	Assets Held in Trust
Note 29:	Compensation and Debt Relief
Note 30:	Reporting of Outcomes

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Department

The Department of Communications, Information Technology and the Arts supports the communications, information technology, cultural and sports sectors by providing strategic policy advice to Government and delivering a range of Commonwealth grants and incentive programs.

The Department incorporates Artbank and is structured to meet three Outcomes.

Outcome 1: Development of a rich and stimulating cultural sector for all Australians.

This Outcome is achieved through:

- policy advice, program management and agency support which promotes excellence in, preservation and maintenance of and access to Australia's cultural activities, cultural collections and indigenous languages; and
- preservation of and access to Old Parliament House and the National Portrait Gallery and their respective collections.

Outcome 2: Development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians.

This Outcome is achieved through:

- policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector.

Outcome 3: Development of services and provision of a regulatory environment which encourages a sustainable and effective communications sector for the benefit of all Australians, and an internationally competitive information economy and information and communications technology industry.

This outcome is achieved through:

- policy advice and program management which encourages competitively priced and reasonably accessible telecommunications and postal services;
- policy advice and program management which promote accessible high quality broadcasting services;
- policy advice and program management that assist the development of the information and communications technology industry;
- policy advice on intellectual property issues which supports the objectives of the portfolio, including encouraging the growth of the information economy, the production of content and the promotion of reasonable access to research and cultural materials; and
- strategic advice, activities and representation relating to Australia's development as an information economy, nationally and internationally.

The Department's activities contributing toward these outcomes are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Department in its own right. Administered activities involve the management or oversight by the Department, on behalf of the Government, of items controlled or incurred by the Government.

The continued existence of the Department in its present form and with its present programs is dependent on Government policy and on continuing appropriations by Parliament for the Department's administration and programs.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

1.2 Basis of Accounting

The financial statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are a general purpose financial report.

The statements have been prepared in accordance with:

- Finance Minister's Orders (or FMOs, being the *Financial Management & Accountability Orders (Financial Statements for reporting periods ending on or after 1 July 2005)*);
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board; and
- Interpretations issued by the AASB and UIG that apply for the reporting period.

This is the first financial report to be prepared under Australian Equivalents to International Financial Reporting Standards (AEIFRS). The impacts of adopting AEIFRS are disclosed in Note 2.

The Income Statement and Balance Sheet have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets and liabilities, which, as noted, are at fair value or amortised cost. Except where stated, no allowance is made or the effect of changing prices on the Department's financial results or financial position.

The financial report is presented in Australian dollars and values are rounded to the nearest thousand dollars unless disclosure of the full amount is specifically required.

Unless alternative treatment is specifically required by an accounting standard, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments and Schedule of Contingencies (other than unquantifiable or remote contingencies, which are reported at Note 12).

Unless alternative treatment is specifically required by an accounting standard, revenues and expenses are recognised in the Income Statement when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

Administered revenues, expenses, assets and liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis and using the same policies as for Departmental items, except where otherwise stated at Note 1.24.

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the Department has been required to make some judgements that do not have a significant impact on the amounts recorded in the financial statements.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

1.4 Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards (AEIFRS).

Australian Accounting Standards require the Department to disclose Australian Accounting Standards that have not been applied, for standards that have been issued but are not yet effective.

The AASB has issued amendments to existing standards; these amendments are denoted by year and then number, for example 2005-1 indicates amendment 1 issued in 2005.

The table below illustrates standards and amendments that will become effective for the Department in the future. The nature of the impending change within the table has been out of necessity abbreviated and users should consult the full

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

version available on the AASB's website to identify the full impact of the change. The expected impact on the financial report of adoption of these standards is based on Department's initial assessment at this date, but may change. The Department intends to adopt all of standards upon their application date.

Title	Standard affected	Application date*	Nature of impending change	Impact expected on financial report
2005-1	AASB 139	1 Jan 2006	Amends hedging requirements for foreign currency risk of a highly probable intra-group transaction.	No expected impact
2005-4	AASB 139, AASB 132, AASB 1, AASB 1023 and AASB 1038	1 Jan 2006	Amends AASB 139, AASB 1023 and AASB 1038 to restrict the option to fair value through profit or loss and makes consequential amendments to AASB 1 and AASB 132	No expected impact
2005-5	AASB 1 and AASB 139	1 Jan 2006	Amends AASB 1 to allow an entity to determine whether an arrangement is, or contains, a lease. Amends AASB 139 to scope out a contractual right to receive reimbursement (in accordance with AASB 137) in the form of cash.	No expected impact
2005-6	AASB 3	1 Jan 2006	Amends the scope to exclude business combinations involving entities or businesses under common control.	No expected impact
2005-9	AASB 4, AASB 1023, AASB 139 and AASB 132	1 Jan 2006	Amended standards in regards to financial guarantee contracts.	No expected impact
2005-10	AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 and AASB 1038	1 Jan 2007	Amended requirements subsequent to the issuing of AASB 7.	No expected impact
2006-1	AASB 121	31 Dec 2006	Changes in requirements for net investments in foreign subsidiaries depending on denominated currency.	No expected impact
	AASB 7 Financial Instruments: Disclosures	1 Jan 2007	Revise the disclosure requirements for financial instruments from AASB 132 requirements.	No expected impact

* Application date is for annual reporting periods beginning on or after the date shown

1.5 Revenue

Revenues from Government

Amounts appropriated for Departmental outputs appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Other Revenue

Revenue from the sale of goods is recognised when:

- The risks and rewards of ownership have been transferred to the buyer;
- The seller retains no managerial involvement nor effective control over the goods;
- The revenue and transaction costs incurred can be reliably measured; and
- It is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts or other agreements to provide services at the reporting date. The revenue is recognised when:

- The amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- The probable economic benefits with the transaction will flow to the entity.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total cost of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collectability of the debt is no longer probable.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as revenue at their fair value when the asset qualifies for recognition, unless received from another government agency as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

Dividends are recognised when the right to receive payment is established.

Interest revenue is recognised using the effective interest method as set out in AASB 139.

1.6 Gains

Resources Received Free of Charge

Services received free of charge are recognised as gains when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Other Gains

Gains from disposal of non-current assets are recognised when control of the asset has passed to the buyer.

1.7 Transactions with the Government as Owner

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) are recognised directly in Contributed Equity in that year.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Australian Government agency or authority under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

As a result of the establishment of the Australian Communications and Media Authority (ACMA) as an FMA agency and the accompanying legislation which abolished the Australian Broadcasting Authority (ABA) and the Australian Communication Authority (ACA), the assets and liabilities of the ABA and ACA become the assets and liabilities of the Commonwealth which were then vested to ACMA on 1 July 2005.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

In addition, the establishment of the Australian Sports Anti-Doping Authority (ASADA) as an FMA agency and the accompanying legislation which abolished the Australian Sports Drug Agency (ASDA), the assets and liabilities of the ASDA become the assets and liabilities of the Commonwealth which were then vested to ASADA on 13 March 2006.

Other distributions to owners

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend.

Assets relating to the Universal Service Obligation Special Account were transferred to ACMA at their net book value as a result of the establishment of ACMA on 1 July 2005.

1.8 Employee Benefits

As required by the Finance Minister's Orders, the Department has early adopted AASB 119 Employee Benefits as issued in December 2004.

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled. Liabilities for short-term employee benefits (as defined in AASB 119) and termination benefits due within twelve months of balance date are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Department is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration, including the Department's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2006. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Superannuation

Staff of the Department are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), PSS accumulation Plan (PSSap) and other superannuation schemes.

The CSS and PSS are defined benefit schemes for the Commonwealth. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.

The Department makes employer contributions to the Australian Government at rates determined by an actuary to meet the cost to the Government of the superannuation entitlements of the Department's employees.

From 1 July 2005, new employees are eligible to join the PSSap scheme.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final two days of the year.

1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the lease and a liability recognised at the same time and for the same amount. The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease.

Lease payments are allocated between principal repayments and interest expense.

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

The net present value of future net outlays in respect of surplus space under non-cancellable lease agreements is expensed in the period in which the space becomes surplus.

Lease incentives in the form of rent free periods are recognised as liabilities, with lease payments allocated between rental expense and reduction of the liability.

1.10 Borrowing Costs

All borrowing costs are expensed as incurred.

1.11 Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

1.12 Financial Risk Management

The Department's activities expose it to normal commercial financial risk. As a result of the nature of the Department's business and internal and Australian Government policies, dealing with the management of financial risk, the Department's exposure to market, credit, liquidity and cash flow and fair value interest rate risk is considered to be low.

1.13 Derecognition of Financial Assets and Liabilities

As prescribed in the Finance Minister's Orders, the Department has applied the option available under AASB 1 of adopting AASB 132 and 139 from 1 July 2005 rather than 1 July 2004.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the asset is transferred to another entity. In the case of a transfer to another entity, it is necessary that the risks and rewards of ownership are also transferred.

Financial liabilities are derecognised when the obligation under the contract is discharged or cancelled or expires.

For the comparative year, financial assets were derecognised when the contractual right to receive cash no longer existed. Financial liabilities were derecognised when the contractual obligation to pay cash no longer existed.

1.14 Impairment of Financial Assets

As prescribed in the Finance Minister's Orders, the Department has applied the option available under AASB 1 of adopting AASB 132 and 139 from 1 July 2005 rather than 1 July 2004.

Financial assets are assessed for impairment at each balance date.

Financial Assets held at Amortised Cost

If there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in Income Statement.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Financial Assets held at Cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because it cannot be reliably measured, or a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is the difference between carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

Available for Sale Financial Assets

If there is objective evidence that an impairment loss on an available for sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in the Income Statement, is transferred from equity to the Income Statement.

Comparative Year

The above policies were not applied for the comparative year. For receivables, amounts were recognised and carried at original invoice amount less any provision for doubtful debts based on an estimate made when collection of the full amount was no longer probable. Bad debts were written off as incurred.

Other financial assets carried at cost which were not held to generate net cash inflows, were assessed for indications of impairment. Where such indicators were found to exist, the recoverable amount of the assets was estimated and compared to the assets' carrying amount and, if less, reduced to the carrying amount. The reduction was shown as an impairment loss.

1.15 Creditors

Trade Creditors

Trade creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Grants Creditors

Grants made by the Department are recognised as liabilities and expenses only at the time that the grantee had met all obligations and conditions required in the grant agreement.

1.16 Contingent Liabilities and Contingent Assets

Contingent liabilities and assets are not recognised in the Balance Sheet but are discussed in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Remote contingencies are part of this disclosure. Where settlement becomes probable, a liability or asset is recognised.

A liability or asset is recognised when its existence is confirmed by a future event, settlement becomes probable (virtually certain for assets) or reliable measurement becomes possible.

1.17 Acquisition of Assets

Asset Recognition

Assets are initially recorded at cost on acquisition, except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor Department's accounts immediately prior to the restructuring.

1.18 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing an item and restoring the site on which it is located. This is particularly relevant to 'makegood' provisions in property leases taken up by the Department where there exists an obligation to restore the property to its original condition. These costs are included in the value of the Department's leasehold improvements with a corresponding provision for the 'makegood' taken up.

Revaluations

Buildings, infrastructure, plant, equipment, heritage and cultural assets are carried at fair value, and are revalued with sufficient frequency such that the carrying amount of each asset class is not materially different at reporting date from its fair value. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets. Fair values for each class of asset are determined as shown below.

<i>Asset Class</i>	<i>Fair value measured at:</i>
Buildings	Market selling price or depreciated replacement cost
Leasehold improvements	Depreciated replacement cost
Plant & equipment	Market selling price or depreciated replacement cost
Heritage and cultural assets	Market selling price or depreciated replacement cost

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through the profit and loss. Revaluation decrements for a class of assets are recognised directly through profit and loss except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Depreciation

All assets are depreciated over their estimated useful lives to the Department, using in all cases, the straight-line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation rates and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

	2006	2005
Buildings		
• Buildings	25 years	25 years
• Leasehold improvements	Lower of 10 years or term of lease	Lower of 10 years or term of lease
Infrastructure, plant and equipment		
• Computer equipment	3 – 5 years	3 – 5 years
• Plant, office equipment, furniture & fittings	5 – 10 years	5 – 10 years
Heritage and Cultural Assets		
• Heritage assets	2 – 40 years	2 – 40 years
• Artworks	10 – 500 years	10 – 500 years
Intangibles		
• Externally purchased software	3 – 5 years	3 – 5 years
• Internally developed software	3 – 5 years	3 – 5 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 5C.

Special Categories of Assets

The Old Parliament House and Heritage Furniture are categorised as restricted assets under section 3B of the Finance Minister's Orders. Restricted assets are those assets which cannot be deployed or disposed because of legal or Government policy restraints. Specifically, the Department cannot take action that has, will have or is likely to have, a significant impact on the national heritage values of the Old Parliament House and Heritage Furniture without the approval of the Australian Government Minister for the Environment and Heritage.

1.19 Impairment of Non-Current Assets

All assets were assessed for impairment at 30 June 2006. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its *fair value less costs to sell* and its *value in use*. *Value in use* is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependant on the asset's ability to generate future cash flows, and the asset would be replaced if the Department were deprived of the asset, its *value in use* is taken to be its depreciated replacement cost.

No impairment was identified for property, plant and equipment and heritage assets at 30 June 2006.

1.20 Intangibles

The Department's intangibles comprise of externally purchased and internally developed software for internal use. Externally acquired software is carried at fair value and internally developed software is carried at cost.

No impairment was identified for intangible assets at 30 June 2006.

1.21 Inventories

Inventories held for sale are valued at the lower of cost and net realisable value. Inventories acquired at no cost or nominal consideration are measured at current replacement cost at the date of acquisition.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

1.22 Taxation

The Department is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST). Revenue, expenses and assets are recognised net of GST except for:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- receivables and payables.

1.23 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related Notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for Departmental items, including the application of Accounting Standards.

Administered Cash Transfers to and from Official Public Account

Revenue collected by the Department for use by the Government rather than the Department is Administered Revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance and Administration. Conversely, cash is drawn down from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the Administered cash held by the Department on behalf of the Government and reported as such in the Statement of Cash Flows in the Schedule of Administered Items and in the Administered Reconciliation Table in Note 21. Thus the Schedule of Administered Items largely reflects the Government's transactions, through the Department, with parties outside the Government.

Revenue

All administered revenues are revenues relating to the course of ordinary activities performed by the Department on behalf of the Australian Government.

Grants and Subsidies

The Department administers a number of grant and subsidy schemes on behalf of the Government.

Grant and subsidy liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. A commitment is recorded when the Government has a binding agreement to make the grants but services have not been performed or criteria satisfied. Where grants moneys are paid in advance of performance or eligibility, a prepayment is recognised.

Administered Investments

Administered investments in controlled entities are not consolidated because their consolidation is relevant only at the Whole of Government level. The Australian Government's investment in portfolio authorities and companies is classified as 'available for sale' under AASB 139 *Financial Instruments: Recognition and Measurement*.

Administered investments other than those held for sale are measured at their fair value as at 30 June 2006.

For those entities where there is no active market, fair value is determined using the 'net asset valuation' approach. Where practicable, the latest publicly available financial reports are used to determine the net asset value of the entity, adjusted for any known capital movements such as capital injections, capital distributions and dividends since the reports were prepared. For those investments where there is an active market, fair value is determined using the 'market based valuation' approach where the quoted price as at the close of business is used to determine the underlying value of investment. For the purposes of these financial statements, the Australian Government's investment in Telstra is the only investment which is valued using the 'market based valuation' approach.

The changes in value arising are taken to the Administered Investments Reserve Account.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

For the comparative period, administered investments were measured on the cost basis, adjusted for any subsequent capital injections or withdrawals and for any impairment losses.

Administered investments were assessed for impairment at 30 June 2006. No indicators of impairment were noted.

Guarantees to Controlled Entities

The amounts guaranteed by the Australian Government have been disclosed in the Schedule of Administered Items and Note 22. At the time of signing of financial statements, there was no reason to believe that the guarantees would be called upon, and recognition of a liability was therefore not required.

Note 2: The impact of the transition to AEIFRS from previous AGAAP

	2005* \$'000	2004 \$'000
Reconciliation of total equity as presented under previous AGAAP to that under AEIFRS		
Reconciliation of Departmental Equity		
Total equity under previous AGAAP	84,718	78,234
Adjustments to retained earnings:		
Decrease to Accumulated Results for straight-lining of lease expense ¹	(52)	(52)
Increase to 2004-05 Operating Result for capitalisation and depreciation of makegood costs ²	981	-
Decrease to 2004-05 Operating Result for straight-lining of lease Expense ¹	(77)	-
Total Departmental Equity translated to AEIFRS	85,570	78,182
Reconciliation of profit or loss as presented under previous AGAAP to AEIFRS		
Prior year profit as previously reported	7,552	
Adjustments:		
Capitalisation and depreciation of makegood costs	981	
Lease expenses	(77)	
Prior year profit translated to AEIFRS	8,456	

* 30 June 2005 total represents the accumulated impacts of AEIFRS from the date of transition.

The cash flow statement presented under previous AGAAP is equivalent to that prepared under AEIFRS

¹ AEIFRS requires recognition of lease expense on a straight-line basis over the term of the lease which is representative of the pattern of benefits derived from the leased assets. Accordingly, the Department recognised an increase in lease payable of \$0.121m on 30 June 2005, with a corresponding decrease in retained earnings of \$0.052m (increase to lease payable on transition date of 1 July 2004) and an increase in lease expense in 2004-05 of \$0.074m.

² AEIFRS requires the recording of assets reflecting future estimated restoration costs. Amounts for "makegood" provisions in existing accommodation leases (operating) have been capitalised accordingly.

The Department has not restated comparatives for financial instruments. There were no adjustments necessary to the comparatives for financial instruments as a result of adoption of AEIFRS.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

The impact of the transition to AEIFRS from previous AGAAP (Administered)

Reconciliation of Total Assets Administered on Behalf of Government under previous AGAAP to that under AEIFRS

	<u>\$'000</u>
Total Assets Administered on Behalf of Government under previous AGAAP as at 30 June 2005	7,327,069
Change in accounting policy for Administered Investments ¹ as at 1 July 2005	<u>34,022,161</u>
Total Assets Administered on Behalf of Government translated to AEIFRS as at 1 July 2005	<u>41,349,230</u>

The expenses presented under previous AGAAP are equivalent to those prepared under AEIFRS.

The cash flow statement presented under previous AGAAP is equivalent to that prepared under AEIFRS.

¹ Administered Investments were previously required to be measured at cost or deemed cost based on their values at 30 June 1997, adjusted for any subsequent capital injections or withdrawals and for any impairment losses. Under AEIFRS, Administered Investments must be measured at their fair value.

The Department has not restated comparatives for financial instruments. The adjustments between AEIFRS and the previous GAAP have been taken up at 1 July 2005. The only adjustment necessary was an increase in Administered Investments of \$34,022,161,000 reflecting the change in value from cost basis to fair value.

Note 3: Events after the Balance Sheet Date

Further sale of the Commonwealth's interest in Telstra Corporation Limited

On 25 August 2006 the Government announced the further sale of Telstra Corporation Limited shares. The timing of the sale is expected to be in the 2006-07 financial year. The financial impact of this sale on the Department of Communications, IT and the Art's administered financial statements cannot be accurately determined at this time.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

	2006 \$'000	2005 \$'000
Note 4: Income		
Revenues		
<u>Note 4A: Revenues from Government</u>		
Appropriations for outputs	119,804	114,180
Total revenues from Government	<u>119,804</u>	<u>114,180</u>
<u>Note 4B: Goods and Services</u>		
Goods		
Sale of inventory goods	64	64
Other sales of goods and services	4	108
	<u>68</u>	<u>172</u>
Services		
Entry charges to exhibitions	262	227
Fees for service provided	211	627
Artbank rental revenue	2,506	2,321
	<u>2,979</u>	<u>3,175</u>
Total sales of goods and services	<u>3,047</u>	<u>3,347</u>
Provision of goods to:		
Related entities	-	6
External entities	68	166
Total sales of goods	<u>68</u>	<u>172</u>
Rendering of services to:		
Related entities	1,231	1,465
External entities	1,748	1,710
Total rendering of services	<u>2,979</u>	<u>3,175</u>
Costs of sales of goods	<u>49</u>	<u>32</u>
<u>Note 4C: Interest</u>		
Interest from other sources	-	12
Total interest	<u>-</u>	<u>12</u>
<u>Note 4D: Rent</u>		
Rent and service contract licence fees	1,305	477
Total rent	<u>1,305</u>	<u>477</u>
<u>Note 4E: Royalties</u>		
Royalties received	-	325
Total royalties	<u>-</u>	<u>325</u>

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

	2006	2005
	\$'000	\$'000
Note 4F: Other Revenues		
Grants received	278	101
Sponsorship and donations received	2,162	802
Cultural Ministers Council Contributions	464	570
Standing Committee on Recreation and Sport contributions	331	714
National Collections contributions	812	813
Cultural and Recreational Portal contributions	265	265
Other revenue	206	173
Total other revenues	4,518	3,438

Note 4G: Other Gains

Resources received free of charge	400	334
Asset stocktake additions	6	175
Total other gains	406	509

Note 5: Operating Expenses

Note 5A: Employee Expenses

Wages and salaries	48,249	44,479
Superannuation	9,420	8,521
Leave and other entitlements	5,979	7,166
Separation and redundancies	327	255
Other employee expenses	2,251	1,764
Performance pay	1,225	923
Total employee expenses	67,451	63,108

Note 5B: Supplier Expenses

Provision of goods - related entities	31	53
Provision of goods - external entities	3,650	2,555
Rendering of services - related parties	2,941	5,828
Rendering of services - external parties	26,278	22,838
Operating lease rentals	6,893	6,967
Workers' compensation premiums	1,003	800
Total supplier expenses	40,796	39,041

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

	2006	2005
	<u>\$'000</u>	<u>\$'000</u>

Note 5C: Depreciation and Amortisation

(i) Depreciation

Other infrastructure, plant and equipment	1,996	1,318
Heritage and cultural assets	138	129
Buildings	846	831
Total depreciation	<u>2,980</u>	<u>2,278</u>

(ii) Amortisation

Assets held under finance lease	-	25
Intangibles - computer software	405	337
Total amortisation	<u>405</u>	<u>362</u>

Total depreciation and amortisation	<u>3,385</u>	<u>2,640</u>
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The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable asset are as follows:

Leasehold improvements	846	856
Computer equipment	1,363	639
Plant, office equipment, furniture and fittings	633	679
Heritage and cultural assets	138	129
Computer software	405	337
Total depreciation and amortisation	<u>3,385</u>	<u>2,640</u>

Note 5D: Finance costs

Unwinding of discount	60	15
Leases	-	2
Total finance costs expense	<u>60</u>	<u>17</u>

Note 5E: Write Down and Impairment of Assets

Financial assets

Bad and doubtful debts expense	98	11
	<u>98</u>	<u>11</u>

Non-financial assets

Infrastructure, plant & equipment - revaluation decrement	189	-
	<u>189</u>	<u>-</u>

Total write-down of assets	<u>287</u>	<u>11</u>
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Note 5F: Net Losses from Sale of Assets

Infrastructure, plant and equipment:		
Proceeds from disposal	(16)	(9)
Net book value of assets disposed	16	12
Net loss from disposal of infrastructure, plant and equipment	<u>-</u>	<u>3</u>

Heritage and cultural assets:		
Proceeds from disposal	(9)	(15)
Net book value of assets disposed	37	52
Net loss from disposal of heritage and cultural assets	<u>28</u>	<u>37</u>

Total proceeds from disposals	(25)	(24)
Total value of assets disposed	53	64
Total net loss from disposal of assets	<u>28</u>	<u>40</u>

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

	2006 \$'000	2005 \$'000
Note 5G: Grants		
Non-profit institutions	401	5,980
Commonwealth entities	1,744	2,658
State and Territory Governments	366	125
Private sector	-	105
Overseas	2	50
Total grants	2,513	8,918

The nature of the grants are as follows:

Australian Communications Authority	-	30
Book Industry Assistance Package	1,275	2,264
Commercial Radio Blackspots	-	130
Community Broadcasting Foundation ¹	-	5,489
Computer Crime and Security	-	80
Cultural Ministers Council	300	244
eBusiness Strategies	2	50
eSecurity Government Portal	15	-
National Collections	288	397
Return of Indigenous Cultural Property	573	194
Information Economy Strategies	-	40
National Radio Audience Research Project	30	-
Online Environment Strategy	30	-
Total grants	2,513	8,918

¹ The Department received new funding for Community Broadcasting Foundation Limited (CBF) in the context of 2004-05 Portfolio Additional Estimates, which was classified as Administered. Existing funding had been classified as Departmental. As a result, the CBF grants expense is reported partly as Departmental and Administered in the 2004-05 financial statements. The total grant expense for CBF for 2004-05 is \$7,489,000. From 2005-06 all funding for the CBF grant program is classified as Administered.

Note 5H: Other Expenses

Gifting of public property	22	-
Other	8	57
Total other expenses	30	57

Note 6: Financial Assets

Note 6A: Cash and Cash Equivalents

Cash on hand	14	14
Cash on hand – Special Accounts	43	35
Cash at bank – Special Accounts	6,053	1,988
Cash at bank – Departmental (other than Special Accounts)	3,268	7,132
Total cash and cash equivalents	9,378	9,169

All cash recognised is a current asset.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

	2006	2005
	\$'000	\$'000
Note 6B: Receivables		
Goods and services	1,676	2,006
Less: Provision for doubtful debts	<u>(868)</u>	<u>(973)</u>
	808	1,033
Appropriations receivable		
- for existing outputs	62,277	50,065
GST receivable from the ATO	1,041	779
Other receivables	<u>251</u>	<u>180</u>
Total receivables (net)	<u>64,377</u>	<u>52,057</u>
Receivables are represented by:		
Current	15,603	17,802
Non-current	<u>48,774</u>	<u>34,255</u>
Total receivables (net)	<u>64,377</u>	<u>52,057</u>
Receivables (gross) are aged as follows:		
Current	<u>63,897</u>	51,094
Overdue by:		
Less than 30 days	232	712
30 to 60 days	75	140
60 to 90 days	38	40
More than 90 days	<u>1,003</u>	<u>1,044</u>
	1,348	1,936
Total receivables (gross)	<u>65,245</u>	<u>53,030</u>
The provision for doubtful debts is aged as follows:		
Current	-	-
Overdue by:		
Less than 30 days	-	-
30 to 60 days	-	-
60 to 90 days	-	-
More than 90 days	<u>(868)</u>	<u>(973)</u>
	(868)	(973)
Total provision for doubtful debts	<u>(868)</u>	<u>(973)</u>
Note 6C: Accrued Revenue		
Goods and services	25	22
Total accrued revenue	<u>25</u>	<u>22</u>

All accrued revenue recognised is a current asset.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

	2006	2005
	<u>\$'000</u>	<u>\$'000</u>

Note 7: Non-Financial Assets

Note 7A: Land and Buildings

Leasehold improvements

- at fair value	5,114	7,789
- accumulated amortisation	<u>-</u>	<u>(833)</u>
	<u>5,114</u>	<u>6,956</u>
 - under finance lease	 -	 25
- accumulated amortisation	<u>-</u>	<u>(25)</u>
	<u>-</u>	<u>-</u>
 Leasehold improvements - work in progress	 62	 190

Total land and buildings (non-current) 5,176 7,146

All revaluations are independent and are conducted in accordance with the revaluations policy stated in Note 1. In 2005-06, the revaluation of Land and Buildings was conducted by valuer Preston Rowe Patterson NSW Pty Ltd.

Note 7B: Infrastructure, Plant and Equipment

Infrastructure, plant and equipment

- at fair value	7,582	6,951
- accumulated depreciation	<u>(20)</u>	<u>(1,316)</u>
	<u>7,562</u>	<u>5,635</u>
 Infrastructure, plant and equipment - work in progress	 159	 346

Total Infrastructure, plant and equipment (non-current) 7,721 5,981

All revaluations are independent and are conducted in accordance with the revaluations policy stated in Note 1. In 2005-06, the revaluation of Infrastructure, Plant and Equipment was conducted by valuer Preston Rowe Patterson NSW Pty Ltd.

Note 7C: Heritage and Cultural Assets

Heritage and Cultural Assets

- at fair value	41,821	37,371
- Accumulated depreciation	<u>(7)</u>	<u>(129)</u>
	<u>41,814</u>	<u>37,242</u>

Heritage and cultural assets - work in progress - -

Total heritage and cultural assets (non-current) 41,814 37,242

All revaluations are independent and are conducted in accordance with the revaluations policy stated in Note 1. In 2005-06, the revaluation of Heritage and Cultural Assets was conducted by valuers Caruana Fine Art Pty Ltd, Deutscher-Menzies Pty Ltd and Australian Valuation Office.

Note 7D: Intangibles

Computer software:

Externally acquired - at cost	3,117	2,654
- accumulated amortisation	<u>(2,170)</u>	<u>(1,912)</u>
	<u>947</u>	<u>742</u>
 Externally acquired - at fair value	 17	 -
 Other intangibles - work in progress	 59	 -

Total intangibles (non-current) 1,023 742

All revaluations are independent and are conducted in accordance with the revaluations policy stated in Note 1. In 2005-06, the revaluation of Intangibles was conducted by valuer Preston Rowe Patterson NSW Pty Ltd.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 7E: Analysis of Property, Plant and Equipment

TABLE A - Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment

Item	Land and Buildings \$'000	Infrastructure, Plant and Equipment \$'000	Heritage & Cultural Assets \$'000	Computer Software \$'000	TOTAL \$'000
As at 1 July 2005					
Gross book value	8,003	7,297	37,371	2,654	55,325
Accumulated depreciation/amortisation	(857)	(1,316)	(129)	(1,912)	(4,214)
Opening net book value	7,146	5,981	37,242	742	51,111
Additions:					
By purchase	63	4,543	1,355	432	6,393
Revaluations and impairments through equity					
Reclassifications	(1,097)	(424)	3,392	15	1,886
Depreciation/amortisation expense	(61)	(178)	-	239	-
Impairments recognised in the operating result	(846)	(1,996)	(138)	(405)	(3,385)
Other movements	-	(189)	-	-	(189)
	(29)	-	-	-	(29)
Disposals:					
Other disposals	-	(16)	(37)	-	(53)
As at 30 June 2006					
Gross book value	5,176	7,741	41,821	3,193	57,931
Accumulated depreciation/amortisation	-	(20)	(7)	(2,170)	(2,197)
Closing net book value	5,176	7,721	41,814	1,023	55,734

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

TABLE B - Property, Plant and Equipment held under Finance Lease

Item	Land and Buildings \$'000	Infrastructure, Plant and Equipment \$'000	Heritage & Cultural Assets \$'000	Computer Software \$'000	TOTAL \$'000
As at 30 June 2006					
Gross value	-	-	-	-	-
Accumulated depreciation / amortisation	-	-	-	-	-
<i>Net book value</i>	-	-	-	-	-
As at 30 June 2005					
Gross value	25	-	-	-	25
Accumulated depreciation / amortisation	(25)	-	-	-	(25)
Net book value	-	-	-	-	-

TABLE C - Property, Plant, and Equipment under Construction

Item	Land and Buildings \$'000	Infrastructure, Plant and Equipment \$'000	Heritage & Cultural Assets \$'000	Computer software \$'000	TOTAL \$'000
Carrying amount at 30 June 2006	62	159	-	59	280
Carrying amount at 30 June 2005	190	346	-	-	536

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

	2006	2005
	<u>\$'000</u>	<u>\$'000</u>

Note 7F: Inventories

Finished goods (cost)	36	78
<i>Total inventories held for sale</i>	<u>36</u>	<u>78</u>

All departmental inventories are current assets.

Note 7G: Prepayments

Prepayments	602	1,919
<i>Total prepayments</i>	<u>602</u>	<u>1,919</u>

All prepayments are current assets.

Note 8: Payables

Note 8A: Suppliers

Trade creditors	2,521	3,072
Other creditors	173	284
Operating lease rentals	167	129
Accrued expenses	1,684	2,518
<i>Total suppliers</i>	<u>4,545</u>	<u>6,003</u>

Supplier payables are represented by:

Current	4,378	5,874
Non-current	167	129
<i>Total supplier payables</i>	<u>4,545</u>	<u>6,003</u>

Note 8B: Unearned Income

Unearned income	1,971	2,209
<i>Total unearned income</i>	<u>1,971</u>	<u>2,209</u>

All unearned income is a current liability.

Note 8C: Lease Incentives

Lease incentives	280	349
<i>Total lease incentives</i>	<u>280</u>	<u>349</u>

Lease incentives are represented by:

Current	69	69
Non-current	211	280
<i>Total lease incentives</i>	<u>280</u>	<u>349</u>

Note 8D: Other Payables

Other payables	818	846
<i>Total other payables</i>	<u>818</u>	<u>846</u>

All other payables are current liabilities.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

	2006	2005
	<u>\$'000</u>	<u>\$'000</u>

Note 9: Provisions

Note 9A: Employee Provisions

Salaries and wages	538	344
Leave	18,069	17,962
Superannuation	71	34
Separations and redundancies	107	-
Aggregate employee benefit liability and related on-costs	<u>18,785</u>	<u>18,340</u>
Employee provisions are represented by:		
Current	17,126	16,391
Non-current	1,659	1,949
Aggregate employee benefit liability and related on-costs	<u>18,785</u>	<u>18,340</u>

Note 9B: Provision for makegood on leased property

Provision for makegood on leased property	<u>1,124</u>	<u>1,039</u>
Total provision for makegood on leased property	<u>1,124</u>	<u>1,039</u>

All provision for makegood on leased property is a non-current liability.

	Provision for Makegood
Carrying amount at beginning of period	1,039
Additional provisions made	25
Unwinding of discounted amount arising from the passage of time	60
Amount owing at end of period	<u>1,124</u>

The Department currently has two agreements for the leasing of premises which have provisions requiring the Department to restore the premises to their original condition at the conclusion of the lease. The Department has made a provision to reflect the present value of this obligation.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

	2006	2005
	\$'000	\$'000

Note 10: Restructuring

Note 10A: Departmental Restructuring

There have been no restructuring changes in 2006.

In 2005, following the Government's decision to abolish the Aboriginal and Torres Strait Islander Commission (ATSIC) and the Aboriginal and Torres Strait Islander Service (ATSIS), the Department assumed responsibility for Indigenous functions relating to Arts, Culture and Language, Sport and Recreation and Broadcasting on 1 July 2004.

The Department relinquished its responsibility for the Crown Copyright function from 1 March 2005. The function was transferred to the Attorney-General's Department.

In respect of functions assumed, the net book values of assets and liabilities transferred to the Department for no consideration and recognised as at the date of transfer were:

Total assets recognised	-	279
Total liabilities recognised	-	(1,411)
Net assets assumed	-	(1,132)

In respect of functions relinquished, the following assets and liabilities were transferred by the Department of Communications, Information Technology and the Arts:

Attorney-General's Department

Total assets relinquished	-	(40)
Total liabilities relinquished	-	93
Net assets relinquished	-	53

Net contribution by Government as owner during the year	-	(1,079)
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Departmental revenues and expenses, for the full year, for functions assumed by the Department of Communications, Information Technology and the Arts are as follows:

Indigenous Arts, Culture and Language, Sport and Recreation and Broadcasting functions

Revenues

Recognised by Department of Communications, Information Technology and the Arts	-	9,536
Total revenues	-	9,536

Expenses

Recognised by Department of Communications, Information Technology and the Arts	-	8,329
Total expenses	-	8,329

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

	2006	2005
	\$'000	\$'000
<i>Note 10B: Administered Restructuring</i>		
As a result of the establishment of the Australian Communications and Media Authority (ACMA) as an FMA agency and the accompanying legislation which abolished the Australian Broadcasting Authority (ABA) and the Australian Communication Authority (ACA), the assets and liabilities of the ABA and ACA become the assets and liabilities of the Commonwealth which were then vested to ACMA on 1 July 2005.		
In addition, the establishment of the Australian Sports Anti-Doping Authority (ASADA) as an FMA agency and the accompanying legislation which abolished the Australian Sports Drug Agency (ASDA), the assets and liabilities of the ASDA became the assets and liabilities of the Commonwealth which were then vested to ASADA on 13 March 2006.		
Accordingly, the Government's investments in the ABA, ACA and ASDA were derecognised at their book values and reflected as a restructure.		
Assets relating to the Universal Service Obligation (USO) Special Account were also transferred to ACMA at their net book value as a result of the establishment of ACMA.		
In the previous financial year the Department assumed responsibility for the Indigenous programs relating to Arts, Culture and Language, Sport and Recreation and Broadcasting following the abolition of the Aboriginal and Torres Strait Islander Commission (ATSIC) and the Aboriginal and Torres Strait Islander Service (ATSIS).		
In respect of programs assumed, the net book value of administered assets and liabilities transferred to the Department of Communications, Information Technology and the Arts for no consideration and recognised at the date of transfer were:		
Total assets recognised	-	467
Net assets assumed	-	467
The assets derecognised and relinquished by the Department of Communications, Information Technology and the Arts were:		
Total assets derecognised	12,594	-
Total assets relinquished	33	-
Total assets derecognised and relinquished	12,627	-
Total assets recognised, derecognised and relinquished during the year	12,627	467
Administered revenues and expenses for the full year the functions assumed by the Department of Communications, Information Technology and the Arts are as follows:		
<i>Department of Immigration and Multicultural and Indigenous Affairs</i>		
Revenues		
Recognised by the Department of Immigration and Multicultural and Indigenous Affairs	-	109
Recognised by the Department of Communications, Information Technology and the Arts	-	563
Total revenues	-	672
Expenses		
Recognised by the Department of Immigration and Multicultural and Indigenous Affairs	-	23,298
Recognised by the Department of Communications, Information Technology and the Arts	-	20,669
Total expenses	-	43,967

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

	2006	2005
	\$'000	\$'000
Note 11: Cash Flow Reconciliation		
Reconciliation of cash per Balance Sheet to Statement of Cash Flows		
Cash at year end per Statement of Cash Flows	9,378	9,169
Balance Sheet items comprising above cash:		
Financial Asset - Cash	9,378	9,169
Reconciliation of operating result to net cash from operating activities:		
Operating result	14,530	8,456
Add:		
Depreciation and amortisation	3,385	2,640
Write down of non-current assets	287	-
Loss on disposal of assets	28	40
Other non-cash items	(669)	(846)
Change in operating assets and liabilities resulting from operating activities (net of restructuring):		
(Increase) / decrease in net receivables	(12,148)	(16,421)
(Increase) / decrease in inventories	42	40
(Increase) / decrease in accrued revenue	(3)	19
(Increase) / decrease in non-financial assets	1,317	2,619
Increase / (decrease) in employee provisions	444	2,195
Increase / (decrease) in supplier payables	(1,485)	1,825
Increase / (decrease) in other provisions	(211)	(314)
Net cash from / (used by) operating activities	<u>5,517</u>	<u>253</u>

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 12: Contingent Liabilities and Assets

Quantifiable Contingencies

There were no quantifiable contingencies as at 30 June 2005 and 30 June 2006.

Unquantifiable Contingencies

In 2004-05 and 2005-06 the Department reports an unquantifiable contingency in respect of legal action brought against the Commonwealth in relation to an employment related matter. It is not practicable to make an estimate of the outcome of the action at this stage.

(In 2004-05 the Department reports an unquantifiable contingent gain in respect of an amount paid in relation to a contract. The contractor has denied liability and is defending the claims. It is not practicable to make an estimate of the outcome of this dispute at this stage).

Remote Contingencies

There were no remote contingencies as at 30 June 2005 and 30 June 2006.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

	<u>2006</u>	<u>2005</u>
Note 13: Executive Remuneration		
The number of executives who received or were due to receive total remuneration of \$130,000 or more:		
\$130 000 to \$144 999	1	-
\$145 000 to \$159 999	3	6
\$160 000 to \$174 999	7	5
\$175 000 to \$189 999	6	6
\$190 000 to \$204 999	4	4
\$205 000 to \$219 999	2	2
\$220 000 to \$234 999	1	3
\$235 000 to \$249 999	3	-
\$250 000 to \$264 999	1	1
\$265 000 to \$279 999	-	2
\$280 000 to \$294 999	3	-
\$295 000 to \$309 999	-	1
\$310 000 to \$324 999	1	-
\$415 000 to \$429 999	-	1
\$430 000 to \$444 999	1	-
Total	<u>33</u>	<u>31</u>
The aggregate amount of total remuneration of executives shown above.	\$6,937,448	\$6,256,654
The aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above.	\$116,925	\$-

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

	2006	2005
	<u>\$</u>	<u>\$</u>

Note 14: Remuneration of Auditors

Financial statement audit services are provided free of charge to the department.

The fair value of audit services provided was:

Department	396,000	330,200
Regional Telecommunications Infrastructure Account	4,000	3,500
	<u>400,000</u>	<u>333,700</u>

Note 15: Average Staffing Levels

	2006	2005
	<u>743</u>	<u>718</u>

The average staffing levels for the Department during the year were:

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 16: Financial Instruments

Note 16A: Terms, Conditions and Accounting Policies

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of Underlying Instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows)
FINANCIAL ASSETS		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash and cash equivalents	6A	Cash is recognised at its nominal amount.	Monies in the Departmental bank account are swept into the Official Public Account (OPA) nightly and returned the following morning. No interest is earned on the daily balance.
Receivables - goods and services	6B	Receivables for goods and services are recognised at nominal amounts due less any provision for bad and doubtful debts. A provision for doubtful debts is recognised when collection of the debt is judged to be unlikely.	Credit terms are net 30 days (2004-05: 30 days).
Receivables - other	6B	Other receivables are recognised at nominal amounts.	Mainly related to receivables from other agencies for transfers of accrued employee liabilities to the Department.
Accrued revenue	6C	Accrued revenue is recognised at nominal amounts.	Accrued revenue relates to services rendered but not yet billed at balance date.
FINANCIAL LIABILITIES		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Payables - goods and services, grants and other	8A,C,D	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods and services have been received (and irrespective of having been invoiced).	Settlement is usually made net 30 days.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 16B: Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate Maturing In				Non-Interest Bearing		Total		Weighted Average Effective Interest Rate	
		2006 \$'000	2005 \$'000	1 Year or Less 2006 \$'000	2005 \$'000	1 to 5 Years 2006 \$'000	2005 \$'000	> 5 Years 2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 %	2005 %
Financial Assets													
Cash and cash equivalents	6A	-	-	-	-	-	-	-	9,169	9,378	9,169	n/a	n/a
Receivables - goods and services (gross)	6B	-	-	-	-	-	-	-	2,006	1,676	2,006	n/a	n/a
Receivables - other	6B	-	-	-	-	-	-	-	180	251	180	n/a	n/a
Accrued revenue	6C	-	-	-	-	-	-	-	22	25	22	n/a	n/a
Total		-	-	-	-	-	-	-	11,377	11,330	11,377		
Total Assets										130,152	114,356		
Financial Liabilities													
Payables - goods and services	8A	-	-	-	-	-	-	-	6,003	4,545	6,003	n/a	n/a
Payables - other	8C,D	-	-	-	-	-	-	-	1,195	1,098	1,195	n/a	n/a
Total		-	-	-	-	-	-	-	7,198	5,643	7,198		
Total Liabilities										27,523	28,786		

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 16C: Fair Values of Financial Assets and Liabilities

	Notes	2006		2005	
		Total Carrying Amount \$'000	Aggregate Fair Value \$'000	Total Carrying Amount \$'000	Aggregate Fair Value \$'000
Departmental Financial Assets					
Cash and cash equivalents	6A	9,378	9,378	9,169	9,169
Receivables - goods and services (net)	6B	808	808	1,033	1,033
Receivables - other	6B	251	251	180	180
Accrued revenue	6C	25	25	22	22
Total Financial Assets		10,462	10,462	10,404	10,404
Financial Liabilities (Recognised)					
Payables - goods and services	8A	4,545	4,545	6,003	6,003
Payables - other	8C,D	1,098	1,098	1,196	1,196
Total Financial Liabilities (Recognised)		5,643	5,643	7,199	7,199

Financial Assets - the net fair values of cash and non-interest-bearing monetary financial assets approximate their carrying amounts.

Financial Liabilities - the net fair values for trade creditors approximate their carrying amounts.

Note 16D: Credit Risk Exposures

The Department's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Balance Sheet.

The Department has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

	2006	2005
	\$'000	\$'000
Note 17: Income Administered on Behalf of Government		
Non-Taxation Revenues		
<u>Note 17A: Interest</u>		
Deposits	86,259	493
Total interest	86,259	493
<u>Note 17B: Dividends</u>		
Telstra dividend	2,578,483	2,127,248
Australia Post dividend	282,500	241,700
Total dividends	2,860,983	2,368,948
<u>Note 17C: Industry Levies</u>		
Universal Service Obligation (USO) levy	-	72,206
USO service provider component	-	159,622
National Relay Service (NRS) levy	11,075	15,285
Total industry levies	11,075	247,113
<u>Note 17D: Other Revenue</u>		
Increase of investment in Portfolio Agencies	-	26,281
Grant refunds	7,381	-
Other revenue	2	2,271
Total other revenue	7,383	28,552
Total Revenues Administered on Behalf of Government	2,965,700	2,645,106

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

	2006 \$'000	2005 \$'000
Note 18: Expenses Administered on Behalf of Government		
Note 18A: Grants		
State and Territory Governments	90,123	27,888
Local Governments	8,401	14,891
Private sector	65,040	27,804
Overseas	330	486
Non-profit institutions	82,192	75,943
Related entities	112,359	118,031
Total grants	358,445	265,043
The nature of grants are as follows:		
Cultural Development Program	59,891	50,731
Film Finance Corporation Australia	70,500	65,500
Federation Fund	500	741
Sports and Recreation - Anti Doping	1,404	943
Sport and Recreational Facilities	18,097	4,721
Water and Alpine Safety	5,457	5,490
Melbourne 2006 Commonwealth Games	72,900	-
Olympic and Paralympic Welcome Home Parades	-	261
2005 Deaflympic	-	4,400
<i>Telstra Social Bonus:</i>		
Building Additional Rural Networks	928	4,350
Local Government Fund	149	4,023
Launceston Broadband Project	1,698	1,907
<i>Telecommunications Service Inquiry Implementation:</i>		
Regional Mobile Phone Program	934	3,724
Mobile Phones for Communities greater than 500	500	2,514
Consumer Representation and Research	737	801
National Communication Fund	6,130	14,370
Australia Post - Foot and Mouth Prevention and other quarantine risks	-	13,553
<i>Regional Telecommunications Infrastructure Account:</i>		
Networking the Nation General Fund	303	-
Major ICT - Centre of Excellence	23,500	17,200
<i>Regional Telecommunications Inquiry Response:</i>		
IT Training	2,510	1,630
Co-ordinated Communications Infrastructure Fund	3,178	4,992
Broadband Demand Aggregation Brokers	3,638	2,509
Expansion of Terrestrial Mobile Phone	7,813	-
<i>Building IT Strengths (BITS):</i>		
BITS - Incubators	10,553	12,567
BITS - Advanced Networks Program	7,038	8,000
Television Fund	-	11,914
National Transmission Network	856	671
eBusiness - Information Technologies On-Line	2,177	1,871
Contributions to International Organisations (ITU/APT)	-	170
Digital Interference Scheme	17	51
Telecommunications Action Plan for Remote Indigenous Communities	1,159	626
TV Black Spots - Alternative Technical Solutions	1,470	1,836
Commercial Radio Black Spots	488	705
Community Broadcasting Foundation ¹	7,467	2,000
Regional Equalisation Plan	660	660
NetAlert Limited	1,876	1,216

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

	2006 \$'000	2005 \$'000
Note 18: Expenses Administered on Behalf of Government (continued)		
Books Alive	2,000	-
<i>Indigenous Programs:</i>		
Arts, Culture and Languages	19,262	9,095
Sport and Recreation	9,366	4,428
Broadcasting	13,289	4,873
Total grants	358,445	265,043
¹ The Department received new funding for Community Broadcasting Foundation Limited (CBF) in the context of 2004-05 Portfolio Additional Estimates, which was classified as Administered. Existing funding had been classified as Departmental. As a result, the CBF grants expense is reported partly as Departmental and Administered in the 2004-05 financial statements. The total grant expense for CBF for 2004-05 is \$7,489,000. From 2005-06 all funding for the CBF program is classified as Administered.		
Note 18B: Subsidies		
<i>Payable to related entities</i>		
Telecommunications Service Inquiry Implementation:		
Regional Mobile Phone Program	-	129
Regional Telecommunications Inquiry Response:		
Higher Bandwidth Incentive Scheme	75,124	31,403
Expansion of Satellite Phone Subsidy	87	25
USO	-	71,916
USO service provider	-	159,622
Connect Australia - Broadband Connect	68,575	-
Connect Australia - Mobile Connect	111	-
<i>Other than to related entities</i>		
Telecommunications Service Inquiry Implementation:		
Regional Mobile Phone Program	-	1,780
Regional Telecommunications Inquiry Response:		
Higher Bandwidth Incentive Scheme	21,926	20,907
Expansion of Satellite Phone Subsidy	1,914	974
USO	-	4
Connect Australia - Broadband Connect	56,160	-
Connect Australia - Mobile Connect	2,012	-
Total subsidies	225,909	286,760
Note 18C: Suppliers		
Rendering of services - Related entities	3,820	1,706
Rendering of services - External entities	785	1,033
Total suppliers	4,605	2,739
Note 18D: Depreciation and Amortisation		
Buildings	1,690	1,607
Heritage and cultural assets	6,527	6,472
Total depreciation and amortisation	8,217	8,079
Note 18E: Write-down and Impairment of Assets		
Impairment of financial assets - Receivables	6,274	789
Total write-down and impairment of assets	6,274	789

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

	2006	2005
	\$'000	\$'000
Note 18: Expenses Administered on Behalf of Government (continued)		
<u>Note 18F: Other Expenses</u>		
International membership fees	4,871	4,626
NRS	11,113	15,288
Public Lending Rights / Education Lending Rights Schemes	17,410	17,195
Telecommunication Service Inquiry - Internet Assistance Program	-	(2,068)
Other goods and services	<u>353</u>	<u>603</u>
Total other expenses	<u>33,747</u>	<u>35,644</u>
<u>Note 18G: Net Loss from Sale of Assets</u>		
Net loss from sale of assets		
Written down value of assets sold	<u>-</u>	<u>1,118</u>
Net loss from sale of assets	<u>-</u>	<u>1,118</u>
Total Expenses Administered on Behalf of Government	<u>637,197</u>	<u>600,172</u>

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

	2006 \$'000	2005 \$'000
Note 19: Assets Administered on Behalf of Government		
Financial Assets		
<u>Note 19A: Cash</u>		
Administered payments bank account	66	65
Total cash	66	65
<u>Note 19B: Receivables</u>		
GST receivable from the ATO	14,655	5,448
USO and NRS receivables	844	7,689
Grant and subsidy refund receivables	7,537	1,054
Less: Provision for doubtful debts	(7,271)	(7,961)
Total receivables (net)	15,765	6,230
Receivables (gross) are aged as follows:		
Not overdue	14,655	5,448
Overdue by:		
Less than 30 days	4,868	374
30 to 60 days	636	102
60 to 90 days	-	31
More than 90 days	2,877	8,236
Total receivables (gross)	23,036	14,191
The provision for doubtful debts is aged as follows:		
Not overdue	-	-
Overdue by:		
Less than 30 days	(4,825)	-
30 to 60 days	-	-
60 to 90 days	-	-
More than 90 days	(2,446)	(7,961)
Total provision for doubtful debts	(7,271)	(7,961)

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

		2006 \$'000	2005 \$'000
Note 19: Assets Administered on Behalf of Government (continued)			
	Notes		
Note 19C: Investments			
<i>Investments of Special Accounts:</i>			
Term deposits		2,084,595	-
		2,084,595	-
<i>Investments in Portfolio Agencies:</i>			
Commonwealth authorities			
Australia Council	24A	24,034	7,701
Australian Broadcasting Authority	24B	-	286
Australian Broadcasting Corporation and controlled entities	24C	724,929	421,232
Australian Communications Authority	24D	-	11,627
Australian Film Commission	24E	81,817	246,160
Australian Film, Television and Radio School	24F	38,679	24,226
Australian National Maritime Museum	24G	220,887	16,375
National Gallery of Australia and controlled entity	24H	3,318,612	258,970
National Library of Australia	24I	1,749,390	156,669
National Museum of Australia	24J	350,119	3,027
Special Broadcasting Service Corporation and controlled entity	24K	128,510	75,825
Australian Sports Commission	24L	194,701	118,724
Australian Sports Drug Agency	24M	-	201
		6,831,678	1,341,023
Commonwealth companies			
Film Finance Corporation Australia Ltd	24N	41,553	66,530
Australia Business Arts Foundation Ltd	24O	1,214	1,166
Australian Postal Corporation	24P	1,387,900	855,500
Bundanon Trust	24Q	26,134	18,772
Film Australia Ltd	24R	19,907	13,921
Telstra Corporation Ltd ¹	24S	23,722,042	4,952,886
NetAlert Ltd ²	24T	164	-
		25,198,914	5,908,775
Total investments		34,115,187	7,249,798
¹ The share holding is now reported at 'fair value' which represents the market value. The market value as at 30 June 2005 was \$32.62 billion.			
² The Australian Government's investment in NetAlert Ltd has been recognised for the first time in 2005-06 as a result of adoption of AEIFRS. Administered investments were previously required to be measured at cost or deemed cost based on their values as at 30 June 1997, adjusted for any subsequent capital injections or withdrawals and for any impairment losses. NetAlert Ltd was established in 1999 as a company limited by guarantee. There have been no capital injections by the Australian Government into NetAlert Ltd since its establishment.			
Note 19D: Accrued Revenue			
Interest		1,645	-
Total accrued revenue		1,645	-
Total financial assets		34,132,663	7,256,093

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

	2006 \$'000	2005 \$'000
Note 19: Assets Administered on Behalf of Government (continued)		
Non-Financial Assets		
Note 19E: Land and Buildings		
Building - National Institute of Dramatic Art (NIDA) - at fair value	35,570	38,373
Accumulated depreciation	-	(1,610)
	<u>35,570</u>	<u>36,763</u>
Assets under construction - NIDA Building - at cost	36	5
Total land and buildings	<u>35,606</u>	<u>36,768</u>
Note 19F: Heritage and Cultural Assets		
Building - Old Parliament House (OPH) - at fair value	50,500	47,819
Accumulated depreciation	-	(6,381)
	<u>50,500</u>	<u>41,438</u>
OPH Heritage Collections - at fair value	4,083	2,845
Accumulated depreciation	-	(94)
	<u>4,083</u>	<u>2,751</u>
Assets under construction - OPH Building - at cost	<u>484</u>	<u>1,506</u>
Assets under construction - OPH Heritage Collections - at cost	<u>42</u>	<u>10</u>
Heritage and cultural assets	<u>55,109</u>	<u>45,705</u>

All revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 1. In 2005-06, the revaluation of the NIDA and OPH buildings was conducted by the Rushton Group. The revaluation of the OPH Heritage Collections was conducted by the Australian Valuation Office.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 19: Assets Administered on Behalf of Government (continued)

TABLE A - Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment

Item	Land and Buildings \$'000	Heritage & Cultural Assets \$'000	TOTAL \$'000
As at 1 July 2005			
Gross book value	38,378	52,180	90,558
Accumulated depreciation/amortisation	(1,610)	(6,475)	(8,085)
Net book value	36,768	45,705	82,473
By purchase	1,472	2,875	4,347
Net revaluation increment/(decrement)	(944)	13,057	12,113
Depreciation/amortisation expense	(1,690)	(6,527)	(8,217)
Other disposals	-	-	-
As at 30 June 2006			
Gross book value	35,606	55,110	90,716
Accumulated depreciation/amortisation	-	-	-
Net book value	35,606	55,110	90,716

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

TABLE B - Property, Plant, and Equipment held under Finance Lease

Item	Land and Buildings \$'000	Heritage & Cultural Assets \$'000	TOTAL \$'000
As at 30 June 2006			
Gross value	-	-	-
Accumulated depreciation / amortisation	-	-	-
Net book value	-	-	-
As at 30 June 2005			
Gross value	-	-	-
Accumulated depreciation / amortisation	-	-	-
Net book value	-	-	-

TABLE C - Property, Plant, and Equipment under Construction

Item	Land and Buildings \$'000	Heritage & Cultural Assets \$'000	TOTAL \$'000
Gross value at 30 June 2006	36	526	562
Gross value at 30 June 2005	5	1,516	1,521

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

	2006 \$'000	2005 \$'000
Note 19: Assets Administered on Behalf of Government (continued)		
<u>Note 19G: Prepayments</u>		
Prepayments	43,311	3,977
Total prepayments	<u>43,311</u>	<u>3,977</u>
Total non-financial assets	<u>134,026</u>	<u>86,450</u>
Total Assets Administered on Behalf of Government	<u>34,266,689</u>	<u>7,342,543</u>
Note 20: Liabilities Administered on Behalf of Government		
<u>Note 20A: Suppliers</u>		
Trade creditors	128	366
Other creditors	<u>227</u>	<u>7,095</u>
Total suppliers	<u>355</u>	<u>7,461</u>
<u>Note 20B: Grants and Subsidies</u>		
Public Sector -		
State and Territory Governments	30,237	-
Local Government	<u>323</u>	<u>822</u>
	127	205
Private Sector -		
Non-profit institutions	315	75
Commercial entities	<u>22,247</u>	<u>2,267</u>
Total grants and subsidies	<u>53,249</u>	<u>3,369</u>
<u>Note 20C: GST Payable</u>		
GST payable to OPA	<u>9,882</u>	<u>4,642</u>
Total GST payable	<u>9,882</u>	<u>4,642</u>
<u>Note 20D: Other Payables</u>		
National Relay Service	620	-
Public Lending Rights / Education Lending Rights Schemes	<u>4</u>	<u>2</u>
Total other payables	<u>624</u>	<u>2</u>
Total payables	<u>64,110</u>	<u>15,474</u>
Total Liabilities Administered on Behalf of Government	<u>64,110</u>	<u>15,474</u>

All liabilities are expected to be settled within 12 months of balance date.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

	2006 \$'000	2005 \$'000
Note 21: Administered Reconciliation Table		
Opening administered assets less administered liabilities as at 1 July	7,327,069	7,319,601
Opening balance fair value adjustment - administered investments	34,022,160	-
Plus: Administered revenues	2,965,700	2,645,106
Less: Administered expenses	(637,197)	(600,172)
Administered transfers to/from Australian Government:		
Appropriation transfers from OPA	2,642,133	433,018
Transfers to OPA	(2,887,997)	(2,470,951)
Restructuring	(12,627)	467
Revaluation to fair value	(9,216,662)	-
Closing administered assets less administered liabilities as at 30 June	34,202,579	7,327,069

Note 22: Administered Contingent Liabilities

Quantifiable Administered Contingencies

Quantifiable Administered Contingencies that are not remote are disclosed in the Schedule of Administered Items as Quantifiable Administered Contingencies.

Unquantifiable Administered Contingencies

There were no unquantifiable Administered Contingencies at 30 June 2005 and 30 June 2006.

Remote Administered Contingencies

The Department reports remote contingent liability in respect of a request to rectify a contract to make an additional \$2.5m payable (2005: \$2.5m). The Department denies that there are any legal grounds which require the contract to be rectified.

Note 23: Administered Contingent Assets

There were no Administered Contingent Assets at 30 June 2005 and 30 June 2006.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 24: Administered Investments

Ownership		Principal Activity
%	Notes	
100	A	Australia Council - Provides advice and support for artistic practice of individuals and companies. Encourages all Australian people, communities, institutions in cultural activities. A body corporate established under the <i>Australia Council Act 1975</i> .
100	B	Australian Broadcasting Authority - Facilitates an accessible, diverse and responsible broadcasting industry. A body corporate established under the <i>Broadcasting Services Act 1992</i> . The Australian Broadcasting Authority (ABA) was abolished on 1 July 2005 by the <i>Australian Communications and Media Authority (Consequential and Transitional Provisions) Act 2005</i> . ABA's responsibilities have been transferred to the Australian Communications Media Authority which was established under the <i>Australian Communications and Media Authority Act 2005</i> .
100	C	Australian Broadcasting Corporation and controlled entities - National broadcaster, contributing to and reflecting Australia's culture. A body corporate established under the <i>Australian Broadcasting Corporation Act 1983</i> .
100	D	Australian Communications Authority - Contributes to an efficient, competitive and self regulated communications sector. A body corporate established under the <i>Australian Communications Authority Act 1997</i> . The Australian Communications Authority (ACA) was abolished on 1 July 2005 by the <i>Australian Communications and Media Authority (Consequential and Transitional Provisions) Act 2005</i> . ACA's responsibilities have been transferred to the Australian Communications Media Authority which was established under the <i>Australian Communications and Media Authority Act 2005</i> .
100	E	Australian Film Commission - Development of an internationally competitive Australian screen industry. A body corporate established under the <i>Australian Film Commission Act 1975</i> .
100	F	Australian Film, Television and Radio School - Provides advanced education and training programs for Australian media industry. A body corporate established under the <i>Australian Film, Television and Radio School Act 1973</i> .
100	G	Australian National Maritime Museum - Acquires, researches, conserves and presents relevant material to Australia's maritime heritage. A body corporate established under the <i>Australian National Maritime Act 1990</i> .
100	H	National Gallery of Australia and controlled entity - Provides access to works of art and information about them locally, nationally and internationally. A body corporate established under the <i>National Gallery Act 1975</i> .
100	I	National Library of Australia - Provides a comprehensive collection of Australian library material and international documentary resources. A body corporate established under the <i>National Library Act 1960</i> .
100	J	National Museum of Australia - Provides Australians accessibility to Australian historical collections and public programs to develop Australia's history and culture. A body corporate established under the <i>National Museum of Australia Act 1980</i> .
100	K	Special Broadcasting Service Corporation and controlled entity - Provides multilingual and multicultural services that inform, educate and entertain. Promotes Australia's multicultural society. A body corporate established under the <i>Special Broadcasting Services Act 1991</i> .
100	L	Australian Sports Commission - Provides national leadership in all facets of sport development, through national sporting organisations, Government, the private sector, schools and the wider community.
100	M	Australian Sports Drug Agency - Provides an independent, high quality and accessible anti-doping program to enable Australian sport to deter athletes from banned doping practices. A body corporate established under the <i>Australian Sports Drug Agency Act 1990</i> .

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 24: Administered Investments (continued)

Ownership		Principal Activity
%	Notes	
100	N	Film Finance Corporation Australia Ltd - Provides financial support to the Australian film and television production industry. Incorporated in Australia.
100	O	Australia Business Arts Foundation Ltd (formerly Australian Foundation for Culture & Humanities Ltd) - Established to encourage private sector cultural sponsorship and philanthropy. Incorporated in Australia.
100	P	Australian Postal Corporation - Provides a national and international postal and parcel service. A body corporate established under the <i>Australian Postal Corporation Act 1989</i> .
100	Q	Bundanon Trust - A trust established to manage and develop properties at Bundanon NSW as a living art centre. Incorporated in Australia.
100	R	Film Australia Ltd - Distributes and markets films and, in particular, produces programs of national interest. Incorporated in Australia.
51.8	S	Telstra Corporation Ltd - Provides a national and international telecommunication service. Incorporated in Australia.
100	T	NetAlert Ltd - Australia's internet safety advisory body established in 1999 to educate communities about managing access to the internet. Incorporated in Australia.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 25: Administered Financial Instruments			
a) Terms, Conditions and Accounting Policies			
Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of Underlying Instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows)
FINANCIAL ASSETS			
Cash	19A	Cash is recognised at its nominal amount.	The balances of the Administered Payments and Receipts Accounts are swept nightly to the Official Public Account (OPA), and the balance of the Administered Payments Account is returned the following morning. Interest is not earned on the account balances.
Receivables	19B	Trade receivables are recognised at the nominal amounts due less provision for doubtful debts. A provision for doubtful debts is recognised when collection of the debt is judged to be unlikely.	Trade receivables include levies due from telecommunication carriers under the Universal Service Obligation and the National Relay Service programs. Receivables also include grant and subsidy refunds relating to administered programs.
Investments	19C	The investment in term deposits is recognised at nominal value which for the term deposit represents the cash value of the investment	Surplus funds of Special Accounts which allow investments to be made are invested in term deposits to earn interest. These term deposits are reinvested at maturity until the monies are required
Accrued revenue	19D	Unearned revenue is recognised at the nominal value calculated.	Unearned revenue represents the interest accrued on the term deposits held as an investment. The amount accrued is calculated on a daily basis to reflect the number of days since the last interest payment and the reporting period.
FINANCIAL LIABILITIES			
Payables	20A,B,D	Suppliers payable and accrued expenses are recognised at nominal amounts, once goods and services have been received. Grant liabilities are recognised once the grantee has met obligations specified in the grant agreement.	Settlement is usually made net 30 days (2004-05: 30 days). Grant payments are made in accordance with the grant agreement.
UNRECOGNISED FINANCIAL LIABILITIES			
Guarantees	22	The amounts guaranteed by the Commonwealth have been disclosed in the Schedule of Administered Items and Note 22. At the time of completion of financial statements, there was no reason to believe that the guarantees would be called upon, and recognition of a liability was therefore not required.	The guarantee in 2004-05 was to the Australian Ballet for a tour of non-metropolitan areas. It is a guarantee to reimburse realised losses up to a maximum of \$150,000.
Indemnities	22	The maximum amount payable under the indemnities given is disclosed in the Schedule of Contingencies. At the time of completion of the financial statements, there was no reason to believe that the guarantee would be called upon, and recognition of the liability was therefore not required	The Commonwealth indemnifies owners and promoters of exhibits against cultural objects loaned for display in approved exhibitions.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 25: Administered Financial Instruments (continued)

b) Administered Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate					Non-Interest Bearing		Total		Weighted Average Effective Interest Rate	
				1 Year or less		1 to 5 years		> 5 years						
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 %	2005 %	
Financial Assets														
Cash	19A	-	-	-	-	-	-	-	66	65	66	65	n/a	n/a
Receivables - USO and NRS (gross)	19B	-	-	-	-	-	-	-	844	7,689	844	7,689	n/a	n/a
Receivables - grant and subsidy refunds	19B	-	-	-	-	-	-	-	7,537	1,054	7,537	1,054	n/a	n/a
Investments	19C	-	-	2,084,595	-	-	-	-	-	-	2,084,595	-	5.76%	n/a
Accrued revenue	19D	-	-	-	-	-	-	-	1,645	-	1,645	-	n/a	n/a
Total		-	-	2,084,595	-	-	-	-	10,092	8,808	2,094,687	8,808		
Total Assets											34,266,689	7,342,543		
Financial Liabilities														
Payables - suppliers	20A	-	-	-	-	-	-	-	355	7,461	355	7,461	n/a	n/a
Payables - grants and subsidies	20B	-	-	-	-	-	-	-	53,249	3,369	53,249	3,369	n/a	n/a
Payables - other	20D	-	-	-	-	-	-	-	624	2	624	2	n/a	n/a
Total		-	-	-	-	-	-	-	54,228	10,832	54,228	10,832		
Total Liabilities											64,110	15,474		
Liabilities Not Recognised														
Guarantees	22	-	-	-	-	-	-	-	-	150	-	150	n/a	n/a
Commonwealth indemnity of art exhibitions	22	-	-	-	-	-	-	-	1,129,802	394,490	1,129,802	394,490	n/a	n/a
Other liabilities	22	-	-	-	-	-	-	-	2,500	2,500	2,500	2,500	n/a	n/a
Total Financial Liabilities (Unrecognised)		-	-	-	-	-	-	-	1,132,302	397,140	1,132,302	397,140		

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 25: Administered Financial Instruments (continued)

c) Net Fair Values of Administered Financial Assets and Liabilities

	Notes	2006 Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000	2005 Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000
Administered Financial Assets					
Cash	19A	66	66	65	65
Receivables - USO and NRS (net)	19B	618	618	40	40
Receivables - grant and subsidy refunds (net)	19B	493	493	742	742
Investments	19C	2,084,595	2,084,595	-	-
Accrued revenue	19D	1,645	1,645	-	-
Total Financial Assets		2,087,417	2,087,417	847	847
Financial Liabilities (Recognised)					
Payables - suppliers	20A	355	355	7,461	7,461
Payables - grants and subsidies	20B	53,249	53,249	3,369	3,369
Payables - other	20D	624	624	2	2
Total Financial Liabilities (Recognised)		54,228	54,228	10,832	10,832
Financial Liabilities (Unrecognised)					
Guarantees	22	-	-	150	150
Commonwealth indemnity of art exhibitions	22	1,129,802	1,129,802	394,490	394,490
Other liabilities	22	2,500	2,500	2,500	2,500
Total Financial Liabilities (Unrecognised)		1,132,302	1,132,302	397,140	397,140

Financial Assets

The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

Financial Liabilities

The net fair values of trade creditors approximate their carrying amounts. The net fair value of the guarantees are based on discounted cash flows using current interest rates for liabilities with similar risk profiles.

The net fair value of indemnities are regarded as the maximum possible loss which the Commonwealth faces while the indemnity remains current.

d) Credit Risk Exposures

The Government's maximum exposures to credit risk at reporting date in relation to each class of recognised administered financial assets is the carrying amount of those assets as indicated in the Schedule of Administered Items.

The Government has no significant exposures to any concentrations of credit risk.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 26: Appropriations

Note 26A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations

Particulars	Outcome 1		Administered Expenses Outcome 2		Outcome 3		Departmental Outputs		Total	
	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$
Year ended 30 June 2006										
Balance carried from previous year	21,478,904	22,577,323	17,119,154	73	41,862,196	68,829,516	57,410,861	43,003,169	137,871,115	134,410,081
Reductions of appropriations (prior years) ¹	2,035,923	6,873,863	17,119,154	73	8,995,928	62,307,410	-	-	28,151,005	69,181,346
Adjustments of appropriations on change of entity function (FMAA s32) ²	-	-	-	-	-	561,577	(35,474)	-	(35,474)	561,577
Adjusted balance carried for previous period	19,442,981	15,703,460	-	-	32,866,268	7,083,683	57,375,387	43,003,169	109,684,636	65,790,312
Appropriation Act (No. 1) 2005 - 2006	178,479,000	134,813,000	31,527,000	7,701,000	170,848,000	168,636,000	114,340,000	104,960,000	495,194,000	416,110,000
Appropriation Act (No. 3) 2005 - 2006	995,000	9,676,000	17,058,000	19,855,000	1,302,000	23,529,000	1,980,000	43,000	21,335,000	53,103,000
Appropriation Act (No. 5) 2005- 2006	2,091,000	-	28,735,000	5,055,000	-	-	25,000	-	30,851,000	5,055,000
Departmental Adjustments by the Finance Minister (Appropriation Acts)	-	-	-	-	-	-	-	-	-	-
Appropriation (Regional Telecommunications Services) Bill 2005-06	-	-	-	-	215,759,000	-	3,459,000	-	219,218,000	-
Advance to the Finance Minister	-	-	-	-	-	-	-	-	-	-
Adjustment of appropriations on change of entity function (FMAA s32)	-	-	-	-	-	-	-	10,142,329	-	10,142,329
Refunds credited (FMAA s30)	310,536	-	10,324	-	816,862	-	685,631	-	1,823,353	-
Appropriation reduced by section 9 determinations (current year)	-	-	-	-	-	-	-	-	-	-
Sub-total 2005 - 06	181,875,536	144,489,000	77,330,324	32,611,000	388,725,862	192,165,000	120,489,631	115,145,329	768,421,353	484,410,329
Appropriations to take account of recoverable GST (FMAA s30A)	6,680,823	4,619,047	7,575,869	2,054,636	28,383,448	13,776,483	4,679,820	4,430,457	47,319,960	24,880,623
Annotations to 'net appropriations' (FMAA s31)	-	-	-	-	-	-	2,028,463	5,110,710	2,028,463	5,110,710
Adjustments of appropriations on change of entity function (FMAA s32)	-	9,227,215	-	5,553,714	-	4,991,550	-	-	-	19,772,479
Total Appropriations available for payments	207,999,340	174,038,722	84,906,193	40,219,350	449,975,578	218,016,716	184,573,401	167,689,665	927,454,412	599,964,453
Cash payments made during the year (GST inclusive)	183,447,129	152,559,818	83,681,835	23,100,196	320,368,227	176,154,520	115,427,238	110,278,804	702,924,429	462,093,338
Appropriations credited to Special Accounts (excluding GST)	-	-	-	-	-	-	2,883,125	-	2,883,125	-
Balance of Authority to Draw Cash from the CRF for Ordinary Annual Services Appropriations	24,552,211	21,478,904	1,224,358	17,119,154	129,607,351	41,862,196	66,262,938	57,410,861	221,646,858	137,871,115

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 26A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations (continued)

Particulars	Outcome 1		Administered Expenses Outcome 2		Outcome 3		Departmental Outputs		Total	
<i>Represented by:</i>										
Cash at bank and on hand	171	11,418	-	-	6,690	49,273	3,281,927	7,133,864	3,288,788	7,194,555
Receivables - departmental appropriations	-	-	-	-	-	-	61,847,810	49,806,611	61,847,810	49,806,611
Receivables - GST receivable from customers	-	-	-	-	-	-	107,289	168,774	107,289	168,774
Receivables - GST receivable from the ATO	-	-	-	-	-	-	1,044,356	784,941	1,044,356	784,941
Payables - GST payable	-	-	-	-	-	-	(18,444)	(483,329)	(18,444)	(483,329)
Undrawn, unexpired administered appropriation	24,552,040	21,467,486	1,224,358	17,119,154	129,600,661	41,812,923	-	-	155,377,059	80,399,563
Total	24,552,211	21,478,904	1,224,358	17,119,154	129,607,351	41,862,196	66,262,938	57,410,861	221,646,858	137,871,115

¹ Relates to lapsing of 2003-04 appropriations. The Finance Minister may determine amounts of administered appropriations to be lapsed, having regard to expenses incurred.

² FMAA s32 appropriation relates to the transfer of copyright functions to Attorney General's Department.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 26B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Other than Ordinary Annual Services Appropriations

Particulars	Administered Outcome 2				Outcome 3				Non-operating				Total			
	SPPs		NAE		SPPs		NAE		Equity		Loans		Previous years' outputs		Admin assets and liabilities	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Year ended 30 June 2006	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance carried from previous year	-	-	-	-	-	-	-	-	258,032	250,000	-	-	-	-	1,121,940	250,000
Reduction of appropriations (prior years)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	863,908	-
Adjusted balance carried from previous period	-	-	-	-	-	-	-	-	258,032	250,000	-	-	-	-	-	-
Appropriation Act (No.2) 2005 - 2006	-	-	-	-	-	-	-	-	-	-	-	-	-	-	258,032	250,000
Appropriation Act (No.4) 2005 - 2006	-	-	-	-	-	-	-	-	-	-	-	-	-	-	62,900,000	11,000
Departmental Adjustments and Borrowings	-	-	-	-	-	-	-	-	647,000	11,000	-	-	-	-	10,647,000	1,125,000
Advance to the Finance Minister	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment of appropriations on change of entity function (FMAA s32)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Refunds credited (net) (FMAA s30)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriation reduced by a section 11 determination (current year)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total 2005 - 06 Annual Appropriation	-	-	-	-	-	-	-	-	647,000	11,000	-	-	-	-	73,547,000	1,136,000
Appropriations to take account of recoverable GST (FMAA s30A)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total appropriations available for payments	-	-	-	-	-	-	-	-	47,570	296	-	-	-	-	47,570	26,405
Cash payments made during the year (GST inclusive)	-	-	-	-	-	-	-	-	952,602	261,296	-	-	-	-	73,852,602	1,412,405
Appropriations credited to Special Accounts (GST exclusive)	-	-	-	-	-	-	-	-	523,274	3,264	-	-	-	-	73,423,274	290,465
Balance of Authority to Draw Cash from the CRF for Other Than Ordinary Annual Services Appropriations	-	-	-	-	-	-	-	-	429,328	258,032	-	-	-	-	429,328	1,121,940
Represented by:																
Departmental appropriation receivable	-	-	-	-	-	-	-	-	429,328	258,032	-	-	-	-	429,328	258,032
Appropriations not drawn from the OPA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	429,328	258,032	-	-	-	-	429,328	1,121,940

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 26C: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriations
(Unlimited Amount)

	2006	2005
Financial Management and Accountability Act 1997 - Section 39(9)		
	\$	\$
<i>Purpose:</i> for the investment of public money.		
All transactions under this act are recognised as administered items.		
Cash payment made during the year	-	-
Budget estimate	-	-

	2006	2005
Broadcasting Services Act 1992 - Section 98B4, Telstra Corporation Act 1991 - 8BA(3), Financial Management and Accountability Act 1997 - Section 28(2) and AUSSAT Repeal Act 1991 Section 5(5)		
	\$	\$
<i>Purpose:</i> various		
All transactions under this act are recognised as administered items.		
Cash payment made during the year	-	-
Budget estimate	-	-

	2006	2005
Totals for unlimited special appropriations		
	\$	\$
Payments made	-	-
Budget estimate	-	-

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 26D: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriations
(Limited Amount)

<i>Appropriation (Supplementary Measures) Act (No.1) 1999, section 3¹</i>	2006	2005	2006	2005	2006	2005
	Administered		Departmental		Total	
	\$	\$	\$	\$	\$	\$
<i>Purpose:</i> for payment of book industry						
<i>Nature:</i> Administered and Departmental						
Amount available carried from previous period	854	854	12,516	501,857	13,370	502,711
Appropriation for reporting period	-	-	-	-	-	-
Appropriations to take account of recoverable GST (FMA s30A)	-	-	1,252	31,970	1,252	31,970
Available for payments	854	854	13,768	533,827	14,622	534,681
Cash payments made during the year (GST inclusive)	136	-	13,768	521,311	13,904	521,311
Amount available carried to the next period	718	854	-	12,516	718	13,370
<i>Represented by:</i>						
Cash	-	-	-	12,516	-	12,516
Appropriation receivable	-	-	-	-	-	-
Undrawn, unexpired administered appropriation	718	854	-	-	718	854
Total	718	854	-	12,516	718	13,370

¹ The *Appropriation (Supplementary Measures) Act No.1 1999* appropriation is split between the Department of Industry, Tourism and Resources, the Department of Education, Science and Technology and the Department of Communications, Information Technology and the Arts. The apportionment of the Special Appropriation between the entities was assigned on a letter from the Prime Minister dated 18 August 1999.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 27: Table A: Special Accounts

Standing Committee on Recreation and Sport Consultant Account									
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>									
<i>Purpose:</i> for the expenditure on pilot studies, specialist technical advice and programs and projects initiated by the Sport and Recreation Ministers' Council and its subordinate body, the Standing Committee on Recreation and Sport, the cost of which will be jointly met by the Commonwealth, States and Territories.									
<i>Nature:</i> Departmental									
	Outcome 1		Outcome 2		Outcome 3		Total		
	2006	2005	2006	2005	2006	2005	2006	2005	
	\$	\$	\$	\$	\$	\$	\$	\$	
Balance carried from previous year	-	-	113,641	122,218	-	-	113,641	122,218	
Contributions	-	-	791,973	470,032	-	-	791,973	470,032	
GST credits (FMAA s30A)	-	-	47,517	47,714	-	-	47,517	47,714	
Available for payments	-	-	953,131	639,964	-	-	953,131	639,964	
Payments made to suppliers - related entities	-	-	(421,091)	(343,774)	-	-	(421,091)	(343,774)	
Payments made to suppliers - external entities	-	-	(101,597)	(182,549)	-	-	(101,597)	(182,549)	
Balance carried to next year	-	-	430,443	113,641	-	-	430,443	113,641	
<i>Represented by:</i>									
Cash - held by the agency	-	-	430,443	113,641	-	-	430,443	113,641	
Total balance carried to the next period	-	-	430,443	113,641	-	-	430,443	113,641	
Aggregate of Special Account Balance and Related Investments	-	-	430,443	113,641	-	-	430,443	113,641	

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 27: Table A: Special Accounts (continued)

Cultural Ministers Council Account									
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>									
<i>Purpose: for the expenditure on conducting activities of the working parties initiated by the Cultural Minister's Council (established 1 December 2005).</i>									
<i>Nature: Departmental</i>									
	Outcome 1		Outcome 2		Outcome 3		Total		
	2006	2005	2006	2005	2006	2005	2006	2005	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance carried from previous year	-	-	-	-	-	-	-	-	-
Contributions	842,344	-	-	-	-	-	842,344	-	-
GST credits (FMAA s30A)	909	-	-	-	-	-	909	-	-
Available for payments	843,253	-	-	-	-	-	843,253	-	-
Payments made to employees	(25,731)	-	-	-	-	-	(25,731)	-	-
Payments made for grants	(300,000)	-	-	-	-	-	(300,000)	-	-
Payments made to suppliers - related entities	-	-	-	-	-	-	-	-	-
Payments made to suppliers - external entities	(2,055)	-	-	-	-	-	(2,055)	-	-
Balance carried to next year	515,467	-	-	-	-	-	515,467	-	-
<i>Represented by:</i>									
Cash - held by the agency	515,467	-	-	-	-	-	515,467	-	-
Total balance carried to the next period	515,467	-	-	-	-	-	515,467	-	-
Aggregate of Special Account Balance and Related Investments	515,467	-	-	-	-	-	515,467	-	-

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 27: Table A: Special Accounts (continued)

National Collections Account									
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>									
<i>Purpose: for expenditure on conducting projects, programmes and strategies associated with the future directions, needs and priorities of the collections sector (established 1 December 2005).</i>									
<i>Nature: Departmental</i>									
	Outcome 1		Outcome 2		Outcome 3		Total		
	2006	2005	2006	2005	2006	2005	2006	2005	
Balance carried from previous year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions	943,451	-	-	-	-	-	943,451	-	-
GST credits (FMAA s30A)	27,325	-	-	-	-	-	27,325	-	-
Available for payments	970,776	-	-	-	-	-	970,776	-	-
Payments made for grants	(144,000)	-	-	-	-	-	(144,000)	-	-
Payments made to suppliers - related entities	(300,577)	-	-	-	-	-	(300,577)	-	-
Payments made to suppliers - external entities	-	-	-	-	-	-	-	-	-
Balance carried to next year	526,199	-	-	-	-	-	526,199	-	-
<i>Represented by:</i>									
Cash - held by the agency	526,199	-	-	-	-	-	526,199	-	-
Total balance carried to the next period	526,199	-	-	-	-	-	526,199	-	-
Balance of Investments	-	-	-	-	-	-	-	-	-
Aggregate of Special Account Balance and Related Investments	526,199	-	-	-	-	-	526,199	-	-

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 27: Table A: Special Accounts (continued)

	Outcome 1		Outcome 2		Outcome 3		Total	
	2006	2005	2006	2005	2006	2005	2006	2005
	\$	\$	\$	\$	\$	\$	\$	\$
Balance carried from previous year	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	47,384	-	47,384	-
GST credits (FMAA s30A)	-	-	-	-	4,161	-	4,161	-
Available for payments	-	-	-	-	51,545	-	51,545	-
Payments made to suppliers - related entities	-	-	-	-	-	-	-	-
Payments made to suppliers - external entities	-	-	-	-	(45,794)	-	(45,794)	-
Balance carried to next year	-	-	-	-	5,751	-	5,751	-
<i>Represented by:</i>								
Cash held by the entity	-	-	-	-	5,751	-	5,751	-
Total balance carried to the next period	-	-	-	-	5,751	-	5,751	-
Aggregate of Special Account Balance and Related Investments	-	-	-	-	5,751	-	5,751	-

International Aid Account

Legal Authority: Financial Management and Accountability Act 1997, section 20.

Purpose: for the expenditure on conducting activities in the Asia-Pacific region that assist countries to liberalise their communications markets, including, but not limited to: telecommunications liberalisation, regulatory development, capacity building, e-commerce development and security (established on 1 December 2005);

Nature: Departmental

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 27: Table A: Special Accounts (continued)

National Portrait Gallery Account									
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>									
<i>Purpose: for the expenditure on acquisition of works of art, organising activities and mounting exhibitions for the National Portrait Gallery (NPG) and assisting with NPG Circle of Friends events (established 1 December 2005).</i>									
<i>Nature: Departmental</i>									
	Outcome 1		Outcome 2		Outcome 3		Total		
	2006	2005	2006	2005	2006	2005	2006	2005	
	\$	\$	\$	\$	\$	\$	\$	\$	
Balance carried from previous year	-	-	-	-	-	-	-	-	-
Contributions	1,978,053	-	-	-	-	-	1,978,053	-	-
Interest received	25,000	-	-	-	-	-	25,000	-	-
GST credits (FMAA s30A)	194	-	-	-	-	-	194	-	-
Available for payments	2,003,247	-	-	-	-	-	2,003,247	-	-
Payments made to suppliers - related entities	-	-	-	-	-	-	-	-	-
Payments made to suppliers - external entities	(2,138)	-	-	-	-	-	(2,138)	-	-
Balance carried to next year	2,001,109	-	-	-	-	-	2,001,109	-	-
<i>Represented by:</i>									
Cash - held by the agency	2,001,109	-	-	-	-	-	2,001,109	-	-
Total balance carried to the next period	2,001,109	-	-	-	-	-	2,001,109	-	-
Aggregate of Special Account Balance and Related Investments	2,001,109	-	-	-	-	-	2,001,109	-	-

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 27: Table A: Special Accounts (continued)

Return of Indigenous Cultural Property Account									
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>									
<i>Purpose: for the expenditure on developing and conducting programmes and strategies associated with the repatriation of indigenous cultural material, on behalf of the Cultural Ministers' Council (established 1 December 2005).</i>									
<i>Nature: Departmental</i>									
	Outcome 1		Outcome 2		Outcome 3		Total		
	2006	2005	2006	2005	2006	2005	2006	2005	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance carried from previous year	-	-	-	-	-	-	-	-	-
Contributions	912,565	-	-	-	-	-	912,565	-	-
GST credits (FMAA s30A)	30,251	-	-	-	-	-	30,251	-	-
Available for payments	942,816	-	-	-	-	-	942,816	-	-
Payments made to employees	(14,116)	-	-	-	-	-	(14,116)	-	-
Payments made for grants	(332,795)	-	-	-	-	-	(332,795)	-	-
Payments made to suppliers - related entities	-	-	-	-	-	-	-	-	-
Payments made to suppliers - external entities	-	-	-	-	-	-	-	-	-
Balance carried to next year	595,905	-	-	-	-	-	595,905	-	-
<i>Represented by:</i>									
Cash - held by the agency	595,905	-	-	-	-	-	595,905	-	-
Total balance carried to the next period	595,905	-	-	-	-	-	595,905	-	-
Aggregate of Special Account Balance and Related Investments	595,905	-	-	-	-	-	595,905	-	-

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 27: Table A: Special Accounts (continued)

Artbank Business Operations Account									
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>									
<i>Purpose: for payment on program and operations of Artbank.</i>									
<i>Nature: Departmental</i>									
	Outcome 1		Outcome 2		Outcome 3		Total		
	2006	2005	2006	2005	2006	2005	2006	2005	2005
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance carried from previous year	1,909,122	2,341,461	-	-	-	-	1,909,122	2,341,461	
Sales of goods & services - related entities	1,295,386	1,292,902	-	-	-	-	1,295,386	1,292,902	
Sales of goods & services - external entities	1,667,662	1,411,549	-	-	-	-	1,667,662	1,411,549	
Other receipts	116,735	14,873	-	-	-	-	116,735	14,873	
GST credits (FMAA s30A)	-	-	-	-	-	-	-	-	
Available for payments	4,988,905	5,060,785	-	-	-	-	4,988,905	5,060,785	
Payments made to employees	(1,098,933)	(1,013,373)	-	-	-	-	(1,098,933)	(1,013,373)	
Payments made to suppliers - related entities	(15,981)	(45,633)	-	-	-	-	(15,981)	(45,633)	
Payments made to suppliers - external entities	(1,853,345)	(2,092,657)	-	-	-	-	(1,853,345)	(2,092,657)	
Balance carried to next year	2,020,646	1,909,122	-	-	-	-	2,020,646	1,909,122	
<i>Represented by:</i>									
Cash - held by the agency	2,020,646	1,909,122	-	-	-	-	2,020,646	1,909,122	
Total balance carried to the next period	2,020,646	1,909,122	-	-	-	-	2,020,646	1,909,122	
Aggregate of Special Account Balance and Related Investments	2,020,646	1,909,122	-	-	-	-	2,020,646	1,909,122	

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 27. Table A: Special Accounts (continued)

Other Trust Monies Account									
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>									
<i>Purpose: for payments of monies temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth.</i>									
<i>Nature: Departmental</i>									
	Outcome 1		Outcome 2		Outcome 3		Total		
	2006	2005	2006	2005	2006	2005	2006	2005	
Balance carried from previous year	\$ 2,198	\$ -	\$ 242	\$ -	\$ 3,678	\$ -	\$ 6,118	\$ -	\$ -
GST credits (FMIAA s30A)	-	-	-	-	-	-	-	-	-
Other receipts	9,110	60,149	35,271	2,655	96,633	87,255	141,014	150,059	-
Available for payments	11,308	60,149	35,513	2,655	100,311	87,255	147,132	150,059	-
Payments made	(9,017)	(57,951)	(32,715)	(2,413)	(82,330)	(83,577)	(124,062)	(143,941)	-
Balance carried to next year	2,291	2,198	2,798	242	17,981	3,678	23,070	6,118	
<i>Represented by:</i>									
Cash – held by the agency	2,291	2,198	2,798	242	17,981	3,678	23,070	6,118	
Total balance carried to the next period	2,291	2,198	2,798	242	17,981	3,678	23,070	6,118	
Aggregate of Special Account Balance and Related Investments	2,291	2,198	2,798	242	17,981	3,678	23,070	6,118	

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 27: Table A: Special Accounts (continued)

Federation Fund Account									
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>									
<i>Purpose: for the expenditure on substantial capital projects throughout Australia which will mark the Centenary of Federation and make a significant and lasting contribution to the Australian community.</i>									
<i>Nature: Administered</i>									
	Outcome 1		Outcome 2		Outcome 3		Total		
	2006	2005	2006	2005	2006	2005	2006	2005	
	\$	\$	\$	\$	\$	\$	\$	\$	
Balance carried from previous year	2,788,324	4,439,679	8,861,550	8,861,550	-	-	11,649,874	13,301,229	
Other receipts - grant refunds	18,000	-	-	-	-	-	18,000	-	
GST credits (FMAA s30A)	-	57,741	-	-	-	-	-	57,741	
Available for payments	2,806,324	4,497,420	8,861,550	8,861,550	-	-	11,667,874	13,358,970	
Payments made for grants	(500,000)	(1,709,096)	-	-	-	-	(500,000)	(1,709,096)	
Balance carried to next year	2,306,324	2,788,324	8,861,550	8,861,550	-	-	11,167,874	11,649,874	
<i>Represented by:</i>									
Cash transferred to the Official Public Account	2,306,324	2,788,324	8,861,550	8,861,550	-	-	11,167,874	11,649,874	
Total balance carried to the next period	2,306,324	2,788,324	8,861,550	8,861,550	-	-	11,167,874	11,649,874	

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 27: Table A: Special Accounts (continued)

Regional Telecommunications Infrastructure Account									
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>									
<i>Purpose: for payments of financial assistance for telecommunications related projects in regional areas.</i>									
<i>Nature: Administered</i>									
	Outcome 1		Outcome 2		Outcome 3		Total		
	2006	2005	2006	2005	2006	2005	2006	2005	2005
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance carried from previous year	-	-	-	-	36,284,609	36,065,134	36,284,609	36,065,134	
Other receipts - grant refunds	-	-	-	-	63,889	219,475	63,889	219,475	
GST credits (FMAA s30A)	-	-	-	-	-	-	-	-	
Available for payments	-	-	-	-	36,348,498	36,284,609	36,348,498	36,284,609	
Payments made for grants	-	-	-	-	-	-	-	-	
Other adjustments ¹	-	-	-	-	(36,348,498)	-	(36,348,498)	-	
Balance carried to next year	-	-	-	-	-	36,284,609	-	36,284,609	
<i>Represented by:</i>									
Cash transferred to the Official Public Account	-	-	-	-	-	36,284,609	-	36,284,609	
Total balance carried to the next period	-	-	-	-	-	36,284,609	-	36,284,609	

¹ Regional Telecommunications Infrastructure Account was closed on 16 May 2006.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 27: Table A: Special Accounts (continued)

National Relay Service Account									
<i>Legal Authority: Financial Management and Accountability Act 1997, section 21 and Telecommunications (Consumer Protection and Services Standards) Act 1999, section 102.</i>									
<i>Purpose: provision of telephone services to the hearing impaired.</i>									
<i>Nature: Administered</i>									
	Outcome 1		Outcome 2		Outcome 3		Total		
	2006	2005	2006	2005	2006	2005	2006	2005	2005
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance carried from previous year	-	-	-	-	-	(10,975)	-	-	(10,975)
Refunds credited (FMAA s30)	-	-	-	-	424	-	424	-	-
Other receipts - levy on telecommunication carriers	-	-	-	-	10,478,715	15,285,239	10,478,715	15,285,239	-
GST credits (FMAA s30A)	-	-	-	-	1,155,153	1,467,294	1,155,153	1,467,294	-
Available for payments	-	-	-	-	11,634,292	16,741,558	11,634,292	16,741,558	-
Payments made to National Relay Service provider	-	-	-	-	(11,630,134)	(16,741,558)	(11,630,134)	(16,741,558)	-
Repayments debited from the Special Account (s 28)	-	-	-	-	(424)	-	(424)	-	-
Balance carried to next year	-	-	-	-	3,734	-	3,734	-	-
<i>Represented by:</i>									
Cash transferred to the Official Public Account	-	-	-	-	3,734	-	3,734	-	-
Total balance carried to the next period	-	-	-	-	3,734	-	3,734	-	-

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 27: Table A: Special Accounts (continued)

Television Fund Account						
<i>Legal Authority: Financial Management and Accountability Act 1997, sections 21 and 39, and Telstra Corporation Act 1991, section 63.</i>						
<i>Purpose: provide for extended and or improved television broadcast service coverage.</i>						
<i>Nature: Administered</i>						
	Outcome 1		Outcome 2		Outcome 3	
	2006	2005	2006	2005	2006	2005
	\$	\$	\$	\$	\$	\$
Balance carried from previous year	-	-	-	-	-	9,853,568
Realised investments	-	-	-	-	-	12,027,158
Receipts - grants refunds	-	-	-	-	-	65,795
Receipts - interest	-	-	-	-	-	607,642
GST credits (FMAA s30A)	-	-	-	-	-	869,116
Available for payments	-	-	-	-	-	23,423,279
Payments made for grants	-	-	-	-	-	(12,785,997)
Other Adjustments ¹	-	-	-	-	(10,637,282)	(10,637,282)
Balance carried to next year	-	-	-	-	-	-
<i>Represented by:</i>						
Cash transferred to the Official Public Account	-	-	-	-	-	-
Total balance carried to the next period	-	-	-	-	-	-

¹ The Television Fund was closed on 30 June 2005.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 27: Table A: Special Accounts (continued)

Universal Service Account									
<i>Legal Authority: Financial Management and Accountability Act 1997, section 21 and Telecommunications (Consumer Protection and Service Standards) Act 1999, section 21.</i>									
<i>Purpose: for collection of payments from telecommunications carriers required to contribute to the costs of providing universal service requirements.</i>									
<i>Nature: Administered</i>									
	Outcome 1		Outcome 2		Outcome 3		Total		
	2006	2005	2006	2005	2006	2005	2006	2005	2005
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance carried from previous year	-	-	-	-	9,808	264,528	9,808	-	264,528
Other receipts - levy on telecommunication carriers	-	-	-	-	-	71,925,657	-	-	71,925,657
GST credits (FMAA s30A)	-	-	-	-	-	6,824,995	-	-	6,824,995
Available for payments	-	-	-	-	9,808	79,015,180	9,808	-	79,015,180
Payments made under the Universal Service Obligation arrangements	-	-	-	-	-	(79,005,372)	-	-	(79,005,372)
Other Adjustment ¹	-	-	-	-	(9,808)	-	(9,808)	-	-
Balance carried to next year	-	-	-	-	-	9,808	-	-	9,808
<i>Represented by:</i>									
Cash transferred to the Official Public Account	-	-	-	-	-	9,808	-	-	9,808
Total balance carried to the next period	-	-	-	-	-	9,808	-	-	9,808

¹ The USO Special Account was transferred to the Australian Communications and Media Authority from 1 July 2005.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 27: Table A: Special Accounts (continued)

Untimed Local Calls Access Account						
<i>Legal Authority: Financial Management and Accountability Act 1997, section 21 and Telstra Corporation Act 1991, section 52.</i>						
<i>Purpose: provide local call access to people outside the standard zone and extend facilities to those within.</i>						
<i>Nature: Administered</i>						
	Outcome 1		Outcome 2		Outcome 3	
	2006	2005	2006	2005	2006	2005
	\$	\$	\$	\$	\$	\$
Balance carried from previous year	-	-	-	-	-	-
Appropriation for reporting period	-	-	-	-	-	-
Costs recovered	-	-	-	-	-	-
Other receipts - interest	-	-	-	-	-	-
Available for payments	-	-	-	-	-	-
Payments made under the Untimed Local Call Access contract	-	-	-	-	-	-
Other Adjustments ¹	-	-	-	-	-	-
Balance carried to next year	-	-	-	-	-	-
<i>Represented by:</i>						
Cash transferred to the Official Public Account	-	-	-	-	-	-
Total balance carried to the next period	-	-	-	-	-	-

¹ The Untimed Local Call Access Account was abolished on 22 February 2005.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 27: Table A: Special Accounts (continued)

Communications Fund Account						
<i>Legal Authority: Financial Management and Accountability Act 1997, section 21 and Telecommunications (Consumer Protection and Service Standards) Act 1999 section 158ZH, 158ZO, 158ZP.</i>						
<i>Purpose:</i> to fund recommendations arising from reviews of the adequacy of telecommunications services in regional, rural and remote part of Australia.						
<i>Nature:</i> Administered						
	Outcome 1		Outcome 2		Outcome 3	
	2006	2005	2006	2005	2006	2005
	\$	\$	\$	\$	\$	\$
Balance carried from previous year	-	-	-	-	-	-
Appropriation for reporting period	-	-	-	-	2,000,000,000	-
Other receipts - interest	-	-	-	-	84,598,146	-
Available for payments	-	-	-	-	2,084,598,146	-
Payments made for purchase of investment	-	-	-	-	(2,084,594,646)	-
Payments made for investment cost	-	-	-	-	(3,500)	-
Balance carried to next year	-	-	-	-	-	-
<i>Represented by:</i>						
Cash transferred to the Official Public Account	-	-	-	-	-	-
Total balance carried to the next period	-	-	-	-	-	-
Balance of Investments	-	-	-	-	2,084,594,645	-

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 27: Table B: Special Accounts Investment of Public Money

Investment of public money under section 158ZH, 158ZO, 158ZP Telecommunications (Consumer Protection and Service Standards) Act 1999.			
	Outcome 3		2005
	2006	\$	
Opening Balance			
Investments made during the year ¹	30,978,403,329	-	-
Interest earned	84,598,146	-	-
Transactional charges	(3,500)	-	-
Investments realised ¹	(28,978,403,330)	-	-
Closing Balance	2,084,594,645		

¹ Investments made during the year and investments realised represent the gross proceeds from the maturity and reinvestment of the term deposit.

Department of Communications, Information Technology and the Arts NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

Note 28: Assets Held in Trust

Purpose - This account holds monies advanced to the Department of Communications, Information Technology and the Arts by Comcare for the purpose of distributing compensation payments made in accordance with the *Safety Rehabilitation and Compensation Act 1998*. Where the Department of Communications, Information Technology and the Arts makes payments against accrued sick leave entitlements pending determination of an employee's claim, permission is obtained in writing from each individual to allow the Department of Communications, Information Technology and the Arts to recover the payments from the monies in the account.

	2006	2005
	\$	\$
Balance carried forward from previous year	6,118	-
Receipts during the year	141,014	150,059
Available for payments	147,132	150,059
Payments made	124,062	143,941
Balance carried forward to next year held by the entity	23,070	6,118

The monies held in this account are also disclosed in Note 27 "Other Trust Monies Account".

Note 29: Compensation and Debt Relief

Administered

No 'Act of Grace' payments were made during either reporting period, and there are no amounts owing as at year end.	Nil	Nil
No waivers of amounts owing to the Australian Government were made pursuant to Subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> .	Nil	Nil
No payments were made under the 'Defective Administration Scheme' during either reporting period.	Nil	Nil
No 'ex-gratia' payments were made during either reporting period.	Nil	Nil
No payments were made under s73 of the <i>Public Service Act 1999</i> during the reporting period. (2005: No payments made)	Nil	Nil

Departmental

No 'Act of Grace' payments were made during either reporting period, and there are no amounts owing as at year end.	Nil	Nil
No waivers of amounts owing to the Australian Government were made pursuant to Subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> .	Nil	Nil
No payments were made under the 'Defective Administration Scheme' during either reporting period.	Nil	Nil
No 'ex-gratia' payments were made during either reporting period.	Nil	Nil
No payments were made under s73 of the <i>Public Service Act 1999</i> during the reporting period. (2005: No payments made)	Nil	Nil

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 30: Reporting of Outcomes

The Department of Communications, Information Technology and the Arts uses a costing system to determine the attribution of its shared items (overheads) to outcome and output. This system is largely based on the use of actual average staffing levels (ASLs) month by month. The basis of attribution in the 'Reporting of Outcomes' tables is consistent with the basis used for the 2005-06 Budget.

Note 30A: Net Cost of Outcome Delivery

	Outcome 1		Outcome 2		Outcome 3		Total	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Administered expenses	179,846	153,536	109,394	21,291	347,957	425,345	637,197	600,172
Departmental expenses	46,624	44,345	8,045	6,258	59,881	63,229	114,550	113,832
Total expenses	226,470	197,881	117,439	27,549	407,838	488,574	751,747	714,004
<i>Costs recovered from provision of goods and services to the non-Government sector</i>								
Administered	-	-	-	-	-	-	-	-
Departmental	-	-	-	-	-	-	-	-
Total costs recovered	-	-	-	-	-	-	-	-
<i>Other external income</i>								
Administered								
Interest	14	-	-	-	86,245	493	86,259	493
Dividends from Commonwealth companies	-	-	-	-	2,860,983	2,368,948	2,860,983	2,368,948
Industry levies	-	-	-	-	11,075	247,113	11,075	247,113
Other sources	810	10,507	376	11,703	6,197	6,342	7,383	28,552
Total Administered	824	10,507	376	11,703	2,964,500	2,622,896	2,965,700	2,645,106
Departmental								
Goods and services income from related entities	1,062	1,430	3	12	31	173	1,096	1,615
Interest on cash deposits	-	4	-	1	-	7	-	12
Other	7,087	4,786	415	772	678	923	8,180	6,481
Total Departmental	8,149	6,220	418	785	709	1,103	9,276	8,108
Total other external income	8,973	16,727	794	12,488	2,965,209	2,623,999	2,974,976	2,653,214
Net cost/(contribution) of outcome	217,497	181,154	116,645	15,061	(2,557,371)	(2,135,425)	(2,223,229)	(1,939,210)

Outcomes 1, 2 and 3 are described in Note 1. Net costs shown include Intra-Government costs that are eliminated in calculating the actual Budget Outcome.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 30B: Major Classes of Departmental Income and Expenses by Output Groups and Outputs

Outcome 1	Output 1.1		Output 1.2		Outcome 1 Total	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Departmental expenses						
Employees	16,768	15,614	8,408	7,654	25,176	23,268
Suppliers	9,639	9,549	7,811	7,186	17,450	16,735
Depreciation and amortisation	793	675	592	489	1,385	1,164
Other expenses	105	64	72	15	177	79
Grants	2,436	3,099	-	-	2,436	3,099
Total departmental expenses	29,741	29,001	16,883	15,344	46,624	44,345
Funded by:						
Income from Government	26,984	24,947	16,606	15,623	43,590	40,570
Sale of goods and services	2,555	2,498	459	457	3,014	2,955
Other non-taxation income	1,865	1,778	3,270	1,487	5,135	3,265
Total departmental income	31,404	29,223	20,335	17,567	51,739	46,790
Outcome 2						
Outcome 2	Output 2.1		Output 2 Total		Outcome 2 Total	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Departmental expenses						
Employees	4,636	3,902	4,636	3,902	4,636	3,902
Suppliers	3,225	2,257	3,225	2,257	3,225	2,257
Depreciation and amortisation	165	91	165	91	165	91
Other expenses	19	8	19	8	19	8
Total departmental expenses	8,045	6,258	8,045	6,258	8,045	6,258
Funded by:						
Income from Government	9,237	6,687	9,237	6,687	9,237	6,687
Sale of goods and services	13	44	13	44	13	44
Other non-taxation income	405	741	405	741	405	741
Total departmental income	9,655	7,472	9,655	7,472	9,655	7,472



Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Outcome 3	Output 3.1		Output 3.2		Output 3.3	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Departmental expenses						
Employees	16,540	14,677	8,538	8,034	4,526	4,695
Suppliers	8,537	8,340	4,047	3,417	2,266	2,510
Depreciation and amortisation	905	610	323	259	209	180
Other expenses	97	22	40	9	24	2
Grants	-	30	30	5,619	-	-
Total departmental expenses	26,079	23,679	12,978	17,338	7,025	7,387
Funded by:						
Income from Government	29,966	24,649	14,314	18,516	7,567	8,104
Sale of goods and services	3	138	15	80	1	58
Other non-taxation income	324	229	136	69	82	52
Interest	-	-	-	-	-	1
Total departmental income	30,293	25,016	14,465	18,665	7,650	8,215
Outcome 3 (continued)						
	Output 3.4		Output 3.5		Outcome 3 Total	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Departmental expenses						
Employees	822	1,412	7,213	7,120	37,639	35,938
Suppliers	360	556	4,911	5,226	20,121	20,049
Depreciation and amortisation	44	59	354	277	1,835	1,385
Other expenses	5	-	43	5	209	38
Grants	-	-	47	170	77	5,819
Total departmental expenses	1,231	2,027	12,568	12,798	59,881	63,229
Funded by:						
Income from Government	1,574	2,018	13,556	13,636	66,977	66,923
Sale of goods and services	-	13	1	59	20	348
Other non-taxation income	21	339	126	65	689	754
Interest	-	-	-	-	-	1
Total departmental income	1,595	2,370	13,683	13,760	67,686	68,026

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 30C: Major Classes of Administered Income and Expenses by Outcomes

	Outcome 1		Outcome 2		Outcome 3		Total	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Administered Income								
Interest	14	-	-	-	86,245	493	86,259	493
Dividends	-	-	-	-	2,860,983	2,368,948	2,860,983	2,368,948
Industry levies	-	-	-	-	11,075	247,113	11,075	247,113
Other	810	10,507	376	11,703	6,197	6,342	7,383	28,552
Total Administered Income	824	10,507	376	11,703	2,964,500	2,622,896	2,965,700	2,645,106
Administered Expenses								
Grants	152,153	126,067	107,224	20,243	99,068	118,734	358,445	265,044
Subsidies	-	-	-	-	225,909	286,760	225,909	286,760
Suppliers	1,963	1,062	2,170	1,048	472	629	4,605	2,739
Depreciation and amortisation	8,217	8,079	-	-	-	-	8,217	8,079
Write-down and impairment of assets	-	-	-	-	6,274	789	6,274	789
Net loss from sale of assets	-	1,118	-	-	-	-	-	1,118
Other	17,513	17,210	-	-	16,234	18,433	33,747	35,643
Total Administered Expenses	179,846	153,536	109,394	21,291	347,957	425,345	637,197	600,172



INDEPENDENT AUDIT REPORT

To the Minister for Communications, Information Technology and the Arts

Scope

The financial statements and Secretary's responsibility

The financial statements comprise:

- Statement by the Secretary and Chief Financial Officer;
- Income Statement, Balance Sheet and Statement of Cash Flows;
- Statement of Changes in Equity;
- Schedules of Commitments and Contingencies; and
- Notes to and forming part of the Financial Statements

of the Regional Telecommunications Infrastructure Account for the period ended 16 May 2006.

The Department's Secretary is responsible for preparing financial statements that give a true and fair presentation of the financial position and performance of the Regional Telecommunications Infrastructure Account, and that comply with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, Accounting Standards and other mandatory financial reporting requirements in Australia. The Department's Secretary is also responsible for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit Approach

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

I have performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Regional Telecommunications Infrastructure Account's financial position, and of its financial performance and cash flows.

GPO Box 777 CANBERRA ACT 2601
Constitution House
19 National Circuit BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Secretary.

Independence

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the ethical requirements of the Australian accounting profession.

Audit Opinion

In my opinion, the financial statements of the Regional Telecommunications Infrastructure Account:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*; and
- (b) give a true and fair view of the Regional Telecommunications Infrastructure Account's financial position as at 16 May 2006 and of its performance and cash flows for the period then ended, in accordance with:
 - (i) the matters required by the Finance Minister's Orders; and
 - (ii) applicable Accounting Standards and other mandatory financial reporting requirements in Australia.

Australian National Audit Office



Carla Jago
Executive Director
Delegate of the Auditor-General
Canberra
29 September 2006




Australian Government
Department of Communications,
Information Technology and the Arts

**REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT
(RTIA)**

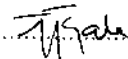
2005-2006 FINANCIAL STATEMENTS

**STATEMENT BY THE DEPARTMENTAL SECRETARY
AND CHIEF FINANCIAL OFFICER**

In our opinion, the attached financial statements for the period ended 16 May 2006 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*.

Signed 

Helen Williams AO
Secretary
29 September 2006

Signed 

Jennifer Gale FCPA
Chief Financial Officer
29 September 2006

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)

INCOME STATEMENT

for the period ended 16 May 2006

	Notes	2006 \$'000	2005 \$'000
Income from Ordinary Activities			
Grant refunds	5	64	337
Total Income from Ordinary Activities		<u>64</u>	<u>337</u>
Expenses from Ordinary Activities			
Grants	6	303	-
Write-down and impairment of assets	7	-	125
Total Expenses from Ordinary Activities		<u>303</u>	<u>125</u>
Net Operating Surplus / (Deficit) from Ordinary Activities		<u>(239)</u>	<u>212</u>
Total Changes in Equity Other than Those Resulting from Transactions with the Australian Government as Owners		<u>(239)</u>	<u>212</u>

This schedule should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
BALANCE SHEET
as at 16 May 2006

	Notes	2006 \$'000	2005 \$'000
ASSETS			
Financial Assets			
Receivables	8	-	36,285
Total Financial Assets		-	36,285
Non-Financial Assets			
Prepayments	9	-	303
Total Non-Financial Assets		-	303
Total Assets		-	36,588
LIABILITIES			
Total Liabilities		-	-
NET ASSETS		-	36,588
EQUITY			
Retained Surpluses		-	36,588
TOTAL EQUITY		-	36,588
Current Assets		-	36,588
Non-Current Assets		-	-
Current Liabilities		-	-
Non-Current Liabilities		-	-

This schedule should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
STATEMENT OF CASH FLOWS
for the period ended 16 May 2006

	Notes	2006 \$'000	2005 \$'000
Operating Activities			
Cash Received			
Grant refunds		64	221
Total Cash Received		<u>64</u>	<u>221</u>
Cash Used			
Grants		-	(1)
Total Cash Used		<u>-</u>	<u>(1)</u>
Net Cash from or (Used by) Operating Activities	10	<u>64</u>	<u>220</u>
Net Increase / (Decrease) in Cash Held		64	220
Cash at the beginning of the reporting period		-	-
Cash to Official Public Account		<u>(64)</u>	<u>(220)</u>
Cash at the End of the Reporting Period		<u>-</u>	<u>-</u>

This schedule should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
STATEMENT OF CHANGES IN EQUITY
for the period ended 16 May 2006

Item	Accumulated Results		Asset Revaluation Reserve		Contributed Equity / Capital		Total Equity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Opening Balance	36,588	36,376					36,588	36,376
Net Operating Result	(239)	212	-	-	-	-	(239)	212
Sub-total Income and Expenses	(239)	212	-	-	-	-	(239)	212
of which:								
attributable to Australian Government	(239)	212	-	-	-	-	(239)	212
attributable to outside equity interest	-	-	-	-	-	-	-	-
Transactions with Owners								
<i>Distributions to Owners</i>								
Returns of Capital ¹	(36,349)						(36,349)	-
Sub-total Transactions with Owners	(36,349)	-	-	-	-	-	(36,349)	-
Closing balance attributable to the Australian Government	-	36,588	-	-	-	-	-	36,588

¹ Regional Telecommunications Infrastructure Account was closed on 16 May 2006.

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
SCHEDULE OF COMMITMENTS
as at 16 May 2006

	2006	2005
	\$'000	\$'000
By Type		
Other Commitments	-	-
Commitments Receivables	-	-
Net Commitments by Type	-	-
BY MATURITY		
Other Commitments		
One year or less	-	-
From one to five years	-	-
Net Commitments by Maturity	-	-

NB: All commitments are GST inclusive where relevant.

This schedule should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
SCHEDULE OF CONTINGENCIES
as at 16 May 2006

Contingent liabilities	Guarantees		Indemnities		Total	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Balance from previous period	-	-	-	-	-	-
New	-	-	-	-	-	-
Re-measurement	-	-	-	-	-	-
Liabilities crystallised	-	-	-	-	-	-
Obligations expired	-	-	-	-	-	-
Total Contingent Liabilities	-	-	-	-	-	-

Contingent assets	Guarantees		Indemnities		Total	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Balance from previous period	-	-	-	-	-	-
New	-	-	-	-	-	-
Re-measurement	-	-	-	-	-	-
Assets crystallised	-	-	-	-	-	-
Expired	-	-	-	-	-	-
Total Contingent Assets	-	-	-	-	-	-
Net Contingencies	-	-	-	-	-	-

Details of each class of contingent liabilities and assets, including those not included above because they cannot be quantified or are considered remote, are disclosed in **Note 11: Contingent Liabilities and Assets**.

This schedule should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 16 May 2006

Notes	Description
1	Objectives of the RTIA
2	Funding Arrangements for the RTIA
3	Summary of Significant Accounting Policies
4	The impact of the transition to AEIFRS from previous AGAAP
5	Income
6	Grants
7	Write Down and Impairment of Assets
8	Receivables
9	Prepayments
10	Cash Flow Reconciliation
11	Contingent Liabilities and Assets
12	Financial Instruments
13	Receipts and Expenditure of the Special Account

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 16 May 2006

Introduction

The Regional Telecommunications Infrastructure Account (RTIA) was a Special Account funded from the partial sale of Telstra and the subsequent social bonus. The Special Account was established under Section 20 of the *Financial Management and Accountability Act 1997* (FMA Act 1997) and was administered by the Department of Communications, Information Technology and the Arts (DCITA). The RTIA Special Account was abolished on 16 May 2006.

Note 1 - Objectives of the RTIA

The objective of the RTIA was to assist the economic and social development of regional, rural and remote Australia by funding projects which:

- enhance telecommunications infrastructure and services in regional, rural and remote areas;
- increase access to, and promote use of, services available through telecommunications networks in regional, rural and remote areas; or
- reduce disparities in access to such services and facilities between Australians in regional, rural or remote areas and those in urban areas.

Note 2 - Funding Arrangements for the RTIA

The Government announced the establishment of the RTIA in December 1996 with total funding of \$250m, with a further \$50m being allocated each year from 1997-98 to 2001-02. The expenditure under the related programmes was concluded on 30 June 2004. The balance of this funding was no longer able to be used for any payments. Accordingly, the balance of unspent monies held in the Special Account, when the RTIA was abolished, was transferred to the Official Public Account.

The assets and liabilities of the RTIA as at 16 May 2006 were vested with the Department of Communications, Information Technology and the Arts as Administered Assets and Liabilities. The assets included debtors against which a provision for doubtful debts was recorded and a contingent liability. The Department will now be responsible for these items.

Any transactions relating to the RTIA arising after 16 May 2006 including refunds of grant payments from previous years and the write off of debts will be classified as administered revenues and expenses.

Note 3 - Summary of Significant Accounting Policies

The financial statements are required by Section 49 of the FMA Act 1997 and are a general-purpose financial report.

The statements have been prepared in accordance with:

- the *Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 1 July 2005)*;
- Australian Accounting Standards issued by Australian Accounting Standards Board that apply for the reporting period; and
- Interpretations issued by the AASB and UIG that apply for the reporting period.

The Income Statement and Balance Sheet have been prepared on an accrual basis and are in accordance with the historical cost convention. Except where stated, no allowance is made for the effect of changing prices on the results or the Income Statements.

3.1 Changes in Accounting Policy

There are no changes in accounting policy.

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 16 May 2006

3.2 Rounding

Amounts have been rounded to the nearest \$1,000 except for Note 13.

3.3 Cash

Cash includes notes and coins, deposits held at call with a bank or financial institution and cash held with the Official Public Account.

3.4 Grants and Subsidies

Grant and subsidy liabilities are recognised to the extent that the:

- (a) services required to be performed by the grantee have been performed; or
- (b) grant/subsidy eligibility criteria have been satisfied.

Where grant/subsidy monies are paid in advance of performance or eligibility, a prepayment is recognised. Grant commitments are reported in the Schedule of Commitments for any agreements signed that have not met the expense recognition criteria.

3.5 Financial Instruments

Accounting policies for financial instruments are stated at Note 12.

3.6 Taxation

The RTIA is exempt from all forms of taxation except Fringe Benefits Tax and Goods and Services Tax (GST).

Goods and Services Tax

Revenue and expenses are recognised net of the amount of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except receivables and payables.

3.7 Comparative Figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation and disclosure requirements in the financial statements and notes.

Note 4 - The impact of the transition to AEIFRS from previous AGAAP

There were no adjustments to the RTIA financial statements for 2005-06 due to the application of AEIFRS.

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 16 May 2006

	2006 \$'000	2005 \$'000
Note 5 - Income		
Grant refunds	64	337
Total Income	64	337
Note 6 - Grants		
State and Territory Governments	303	-
Total Grants	303	-
Note 7 - Write Down and Impairment of Assets		
Impairment of financial assets - Receivables	-	125
Total Write Down and Impairment of Assets	-	125
Note 8 - Receivables		
Appropriation receivable	-	36,285
Grant refunds	138	310
Less : Provision for doubtful debts	(138)	(310)
Total Receivables (Net)	-	36,285
Receivables (gross) are aged as follows:		
Not overdue	-	-
Overdue by:		
less than 30 days	-	-
30-60 days	-	-
60-90 days	-	-
More than 90 days	138	36,595
Total Receivables (Gross)	138	36,595
Provision for doubtful debts (gross) are aged as follows:		
Not overdue	-	-
Overdue by:		
less than 30 days	-	-
30-60 days	-	-
60-90 days	-	-
More than 90 days	(138)	(310)
Total Provision for Doubtful Debts (Gross)	(138)	(310)
Note 9 - Prepayments		
Grants	-	303
Total Prepayments	-	303

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 16 May 2006

<u>Note 10 - Cash Flow Reconciliation</u>	2006	2005
	\$'000	\$'000
Reconciliation of Net Surplus to Net Cash from Operating Activities		
Net Surplus (Deficit)	(239)	212
(Increase) / Decrease in Receivables	-	8
(Increase) / Decrease in Prepayments	303	-
<i>Net Cash from or (Used by) Operating Activities</i>	<u>64</u>	<u>220</u>

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 16 May 2006

Note 11 - Contingent Liabilities and Assets

Quantifiable Contingencies

Quantifiable contingencies that are not remote nor unquantifiable are disclosed in the Schedule of Contingencies as Quantifiable Contingencies.

Unquantifiable Contingencies

There are no unquantifiable contingencies at 16 May 2006 (2004-05: Nil).

Remote Contingencies

The Account reports contingent liabilities in respect of a request to rectify a contract to make an additional \$2.5m at 16 May 2006 (2004-05: \$2.5m) payable. The department denies that there is any legal grounds which require the contract to be rectified.

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 16 May 2006

Note 12 - Financial Instruments

(a) Terms, Conditions and Accounting Policies

Financial Instrument	Note	Accounting Policies and Methods	Nature of Underlying Instrument
Financial Assets:		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Receivables	8	Receivables are recognised at the nominal amounts. A provision for doubtful debts is recognised when collection of the debt is judged to be unlikely.	Credit terms are net 30 days (2004-05: 30 days).

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 16 May 2006

Note 12 – Financial Instruments

(b) Interest Rate Risk

	Notes	Floating Interest Rate		Fixed Interest Rate Maturing In						Non-Interest Bearing		Total		Weighted Average Effective Interest Rate	
				1 year or less		1 to 2 years		1 to 5 years							
		2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%
Financial Assets															
Receivables (gross)	8	-	-	-	-	-	-	-	-	138	310	138	310	n/a	n/a
Total Financial Assets (Recognised)		-	-	-	-	-	-	-	-	138	310	138	310		
Total Assets												-	36,588		

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 16 May 2006

Note 12 - Financial Instruments

(c) Net Fair Values of Agency Financial Assets and Liabilities

		2006		2005	
		Total carrying amount \$'000	Aggregate net fair value \$'000	Total carrying amount \$'000	Aggregate net fair value \$'000
Financial Assets	Note				
Receivables (net)	8	-	-	-	-
Total Financial Assets (Recognised)		-	-	-	-

Financial Assets

The net fair value of cash and receivables approximate their carrying amounts.

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 16 May 2006

Note 13 - Receipts and Expenditure of the Special Account

Legal authority - *Financial Management and Accountability Act 1997*, section 20.

	Cash		Investments		Total
	2006	2005	2006	2005	
	\$	\$	\$	\$	\$
Opening amount available for appropriation	36,284,609	36,065,134	-	-	36,065,134
Plus: Other revenue credited during year	63,889	219,475	-	-	219,475
Total available for expenditure	36,348,498	36,284,609	-	-	36,348,498
Less: Payments made during the year	-	-	-	-	-
Other adjustment ¹	(36,348,498)	-	-	-	(36,348,498)
Closing amount available for appropriation	-	36,284,609	-	-	36,284,609

¹ Regional Telecommunications Infrastructure Account was closed on 16 May 2006.

06

Other information



Glossary of terms

10B & 10BA tax concessions	<p>Under the provisions of Division 10BA of the <i>Income Tax Assessment Act 1936</i>, Australian resident taxpayers are generally able to claim a deduction for 100 per cent of monies invested in certain production costs of certain film and television programs. Alternatively, the Australian resident taxpayer may elect to claim a two-year write-off for certain capital expenditure incurred under Division 10B of the same Act.</p> <p>Since the concessional tax treatment provided under Division 10BA is restricted to Australian tax residents, it will generally not be available where investment in the production of an Australian film is conducted through an Australian branch arrangement. However, since the concession provided by Division 10B extends to non-residents, more flexibility may be available in structuring the film operations.</p>
Accrual accounting	<p>System of accounting where items are brought to account and included in the financial statements as they are earned or incurred, rather than as they are received or paid.</p>
Accrual budget	<p>A comprehensive budget incorporating assets, liabilities and revenues, as well as cash receipts and expenditures. Thus an accrual budget is an extension of the cash budget, focussing on all the resource implications of the strategic and operational plan.</p>
Activity	<p>What an agency does to convert inputs into outputs.</p>
Administered items	<p>Expenses, revenues, assets or liabilities managed by agencies on behalf of the Australian Government. Agencies do not control administered items. Administered expenses include grants, subsidies and benefits. In many cases, administered expenses fund the delivery of third party outputs.</p>
Additional estimates	<p>Where amounts appropriated at Budget time are insufficient, Parliament may appropriate more funds to portfolios through the Additional Estimates Acts.</p>
Additional estimates	<p>A government process through which the expenditure and performance plans outlined in the Portfolio Budget Statements are revised. This normally occurs around the middle of the financial year.</p>

Agency	Agencies are departments of state, departments of parliament and 'prescribed agencies' for the purposes of the <i>Financial Management and Accountability Act 1997</i> . Where the term is used generally in this document, it is meant to refer to departments, agencies, authorities and non-commercial companies.
Annual report	One of the major accountability documents presented to Parliament. It provides a broad statement of agency or authority capability and performance. It allows chief executives to account to their minister for the efficiency and effectiveness of the administration for which the minister is ultimately responsible.
Appropriation	An authorisation by Parliament to spend moneys from the Consolidated Revenue Fund for a particular purpose.
APS employee	A person engaged under section 22 or a person who is engaged as an APS employee under section 72 of the <i>Public Service Act 1999</i> .
Assets	Future economic benefits controlled by an entity as a result of past transactions or other past events.
Australian Workplace Agreements	<p>An Australian Workplace Agreement (AWA) is a formalised individual contract that is registered by the Office of the Employment Advocate.</p> <p>Federal provisions for AWAs were introduced by the Howard Government in new measures enacted in late 1996 and early 1997. An AWA is a confidential agreement between an employer and individual employee. A trade union can act as a bargaining agent for an employee but cannot be a party to an AWA. Even though part of the federal system, AWAs can override the provisions of state awards as well as federal awards.</p>
Average staffing level	The average number of employees receiving salary or wages over the financial year, with adjustments for casual and part-time employees to show the full-time equivalent.
Business angels	Individuals who invest capital in, and bring management expertise to new enterprises with growth potential. Business angels provide equity capital funding to start-up and early stage high-technology companies, as well as managerial expertise.

Capital-use charge	The capital-use charge is a dividend requirement levied on Commonwealth General Government sector agencies and authorities. The capital-use charge payment is based on those agencies and authorities departmental new assets at financial year end. Funding for the capital-use charge is included in agencies and authorities departmental price of outputs appropriation.
Certified agreement	A certified agreement is a written agreement about working conditions and wages made between an employer and its employees that is approved and certified by an industrial tribunal. Employees can be represented by trade unions but this is not mandatory. Certified agreements are made available by the federal <i>Workplace Relations Act 1996</i> (Pt VIB), as well as by the <i>Queensland Industrial Relations Act 1999</i> .
Chief Executive Instructions	Instructions issued by the Secretary of the Department for the administration of the department. These instructions are issued under the authority of the <i>Financial Management and Accountability Act 1997</i> , and carry the force of the law.
Competitive tendering	The process by which agencies call for offers to perform a service from internal and external bodies, including the private sector and other departments and agencies, in an open and transparent competitive environment.
Competitive tendering and contracting (CTC)	The process of contracting out the delivery of government activities previously performed by a Commonwealth agency to another organisation. The activity is submitted to competitive tender, and the preferred provider of the activity is selected from the range of bidders by evaluating offers against predetermined selection criteria.
Consultancy services	<p>Consultancy services are one particular type of service delivered under a contract for services. They are distinguished from other contracts for services by the nature of the work performed. A consultant is an entity, whether an individual, a partnership or a corporation, engaged to provide professional, independent and expert advice or services. Typically, the term consultancy services is used to describe the application of expert professional skills to investigate or diagnose a defined issue or problem, carry out defined research, reviews or evaluations or provide independent advice, information or creative solutions to assist the agency in management decision making.</p> <p>A consultancy contract will typically define the nature and purpose of the task to be performed but not (in any detail) the manner in which the task is to be performed. By contrast, other (non-consultancy) contracts for services will typically be far more restrictive in the degree of latitude afforded to the contractor.</p>

Corporate governance	The process by which agencies are directed and controlled. It is generally understood to encompass authority, accountability, stewardship, leadership, direction and control.
Departmental items	Resources directly controlled by agencies, including salaries and allowances. Such resources are used to produce outputs on behalf of government, including outsourced activities funded and controlled by the agency.
Depreciation	An expense recognised systematically for the purpose of allocating the cost of a non-current asset over its useful life.
Deprival asset valuation	Values non-financial assets according to the current cost of their replacement. That is, non-financial assets are valued at the lowest cost of replacing the gross 'service potential' of those assets.
Discretionary grants	Payments where the portfolio minister and paying agency has discretion in determining whether or not a particular applicant receives funding and may or may not impose conditions in return for the grant.
Educational Lending Right	The Educational Lending Right program provides payments to eligible Australian creators (authors, editors, illustrators, translators, and compilers) and publishers whose books are held in educational lending libraries.
Effectiveness indicators	Indicators to assess the degree of success in achieving outcomes. They are likely to relate to intermediate outcomes below the planned outcomes specified at Budget level.
Equity or Net assets	Residual interest in the assets of an entity after deduction of its liabilities.
e-Research	e-Research is the term used to describe new, large scale research projects which are being made possible through recent developments in communications technology.
Expense	Total value of all of the resources consumed in producing goods and services.
Financial results	The results shown in the financial statements of an agency.
First mile connection	The telecommunications connection between the premises of a user organisation and the core backbone network. This is also often referred to as the 'last mile' connection.
Inputs	Resources in the form of people, materials, energy, facilities and funds that an agency uses in activities to produce outputs.

Information economy	The 'information economy' is the term adopted by the Australian Government to describe the transformation of economic and social activities through the application of ICT. An information economy is one where information, knowledge and education are major inputs to business, social and community activities.
Internal auditing	Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
Liabilities	Future sacrifices of economic benefits that an entity is presently obliged to make to other entities as a result of past transactions or other past events.
Non-ongoing APS employee	An APS employee who is not an ongoing APS employee.
Ongoing APS employee	A person engaged as an ongoing APS employee as mentioned in paragraph 22(2)(a) of the <i>Public Service Act 1999</i> .
Operations	Functions, services and processes performed in pursuing the objectives or discharging the functions of an agency.
Outcomes	The results, impacts or consequences of actions by the Commonwealth on the Australian community. Planned outcomes are the results or impacts that the Government wishes to achieve. Actual outcomes are the results or impacts actually achieved.
Outputs	The goods and services an agency produces to contribute to the achievement of an outcome.
Performance measures	Performance measures relate to outcomes, outputs, third party outputs and administered items. They are used when there is a direct causal link between an intervention and a measurable change in performance.
Portfolio Additional Estimates Statements	Similar to the Portfolio Budget Statements and prepared at Additional Estimates time to support an update on the Government's original annual budget for the department.
Portfolio Budget Statements	A document presented by the Minister to Parliament to inform the Parliament of the basis for the department's budget appropriations in support of the provisions in Appropriation Bills 1 and 2. The statements summarise the department budget and provide detail of outcome performance forecasts and resources in order to justify expenditure.

Public Lending Right	The Public Lending Right program provides payments to eligible Australian creators (authors, editors, illustrators, translators, and compilers) and publishers whose books are held in public lending libraries.
Purchaser/provider arrangements	Arrangements under which the outputs of one agency are purchased by another agency to contribute to outcomes.
Quality	Relates to the characteristics by which customers or stakeholders judge an organisation, product or service. Assessment of quality involves the use of information gathered from interested parties to identify differences between user's expectations and experiences.
Risk management	The culture, frameworks and structures that are directed towards the effective management of potential opportunities and adverse effects. Risk management involves the systematic application of management policies, procedures and practices to the steps of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risk.
Service charters	A service charter is a public statement about the service that a department or agency will provide and what customers can expect from the department.
Special appropriations	Moneys appropriated by Parliament in an Act separate to an annual Appropriation Act, where the payment is for a specified amount. Special appropriations are not subject to Parliament's annual budget control, unlike the annual appropriations.
Sub-outputs	Sub-outputs identify components that together form an output.
Teletypewriter (TTY)	A TTY is a text-based telecommunications device used by people who are deaf, or have a hearing or speech impairment, and who cannot use a voice telephone.
Third party outputs	Goods or services delivered to the community by entities outside the Commonwealth General Government Sector. They are outputs wholly or partly funded by administered items and are directed to achieving planned outcomes.

Glossary of acronyms

3G	Third-generation technology	ANAM	Australian National Academy of Music
AbaF	Australia Business Arts Foundation	ANAO	Australian National Audit Office
ABC	Australian Broadcasting Corporation	ANMM	Australian National Maritime Museum
ABS	Australian Ballet School	ANU	Australian National University
ABS	Australian Bureau of Statistics	APEC	Asia–Pacific Economic Cooperation
AC	Companion of the Order of Australia	APPU	Asian–Pacific Postal Union
ACCC	Australian Competition and Consumer Commission	APS	Australian Public Service
ACE	Australian Communication Exchange	APSC	Australian Public Service Commission
ACIF	Australian Communications Industry Forum	APT	Asia–Pacific Telecommunity
ACMA	Australian Communications and Media Authority	AREN	Australian Research and Education Network
ACOSS	Australian Council of Social Service	AARNet	Australia's Academic and Research Network
ACT	Australian Capital Territory	ASC	Australian Sports Commission
ACTF	Australian Children's Television Foundation	ASADA	Australian Sports Anti-Doping Authority
ADRP	Anti-Doping Research Program	ASF	Australian Sports Foundation
ADSL	asymmetric digital subscriber line	ASI	Australian Sport International
AE	additional estimates	ASPA	Australian Ski Patrol Association
AFC	Australian Film Commission	ATAC	Australian Telework Advisory Committee
AFTRS	Australian Film, Television and Radio School	ATO	Australian Taxation Office
AGD	Attorney-General's Department	auDA	.au Domain Administration
AIA	Art Indemnity Australia	AUSFTA	Australia United States Free Trade Agreement
AICC	Australian International Cultural Council	AWA	Australian Workplace Agreement
AIIA	Australian Information Industry Association	AYO	Australian Youth Orchestra
AIS	Australian Institute of Sport	BA	Broadcast Australia
AM	Member of the Order of Australia	BAG	Broadband Advisory Group
		BARN	Building Additional Rural Networks

BDF	Business Development Fund	Comtechport	Commonwealth Technology Portal
BDSL	Business grade digital subscriber line	COO	Chief operating officer
BIA	Backing Indigenous Ability	CPD	continuing professional development
BITS	Building on IT Strengths	CPDP	Community Phones Demonstration Program
BSA	<i>Broadcasting Services Act 1992</i>	CPI	consumer price index
CAC	Consumer Advisory Council	CPG	Commonwealth Procurement Guidelines
CPD	continuous professional development	CPP	community phones program
CAN	Collections Australia Network	CPSU	Community and Public Sector Union
CCA	Collections Council of Australia	CRC	cooperative research Centre
CCA	Commonwealth Copyright Administration	CSG	customer service guarantee
CCIF	Coordinated Communications Infrastructure Fund	CRBP	Commercial Radio Blackspots Program
CCNR	Centre for Community Networking Research	CRC	Cooperative Research Centre
CBF	Community Broadcasting Foundation	CSG	Customer Service Guarantee
CDMA	code division multiple access	CSIRO	Commonwealth Scientific and Industrial Research Organisation
CDS	Commonwealth Disability Strategy	DAB	Disability Advisory Board
CEI	Chief Executive Instruction	DABP	Demand Aggregation Broker Program
CEO	chief executive officer	DBA	Digital Broadcasting Australia
CeNTIE	Centre for Networking Technologies for the Information Economy	DCITA	Department of Communications, Information Technology and the Arts
CFO	chief financial officer	DDSO	digital data service obligation
CGM	chief general manager	DNC	distributed national collection
CGP	Cultural Gifts Program	DNS	domain name system
CICS	Creative Industries Cluster Study	DRCS	digital radio concentrator system
CISA	Community Information Strategies Australia	DSA	Deaf Sports Australia
CMC	Cultural Ministers Council	EAP	employee assistance provider
CMC SC	Cultural Ministers Council Standing Committee	EDGAR	energy data gathering and reporting
CMC	Cultural Ministers Council	EEO	equal employment opportunity
SWG	Statistics Working Group	EITAAP	Elite Indigenous Travel and Accommodation Assistance Program

EL1	Executive Level 1	GSAC	Geraldton Sporting Aboriginal Corporation
EL2	Executive Level 2	GSM	global systems for mobiles
ELR	Education Lending Right	GWIP	Government wide-band Internet protocol
email	electronic mail	HiBIS	Higher Bandwidth Incentive Scheme
EMG	Executive Management Group	HR	human resources
EMS	environmental management system	HRH	Her Royal Highness
EOI	expression of interest	HRM	human resource management
EPC	Electronic Product Code	HRMC	Human Resources Management Committee
EPO	Erythropoietin	HSR	Health and safety representative
ERASS	exercise, recreation and sport survey	ICANN	International Corporation for the Assignment of Domain Names and Numbers
ESCG	Electronic Security Coordination Group	ICC	Indigenous Coordination Centres
eSTG	e-Security Task Group	ICCP	Committee for Information, Computer and Communications Policy
FACS	Foreign Actors Certification Scheme	ICON	Inter-government Communications Network
FAL	Film Australia Limited	ICT	information and communications technology
FFC	Film Finance Corporation Australia Ltd	IIA	Internet Industry Association
FLIC	Film Licensed Investment Company	IKED	International Organisation for Knowledge Economy and Enterprise Development
FM	frequency modulation	IMC	Information Management Committee
FMA	financial management and accountability	IP	intellectual property
FMIS	financial management information system	ISDN	integrated services digital network
FOI	freedom of information	ISP	Internet service provider
FTA	free trade agreement	ISRP	Indigenous Sport and Recreation Program
GAA	graduate administrative assistant	IT	information technology
GAC	Governmental Advisory Committee	ITOL	Information Technology Online
GBE	government business enterprise		
gbps	gigabits per second		
GDP	gross domestic product		
GHz	gigahertz		
GM	general manager		

ITSEAG	Information Technology Security Advisory Group	NT	Northern Territory
ITU	International Telecommunication Union	NTN	National Transmission Network
Kbps	kilobits per second	NZ	New Zealand
KPI	key performance indicator	OBE	Officer of the Order of the British Empire
LAN	local area network	OCC	Online Communications Council
LBP	Launceston Broadband Project	OECD	Organisation for Economic Co-operation and Development
LGF	Local Government Fund	OH&S	occupational health and safety
M2006	Melbourne 2006 Commonwealth Games	OPH	Old Parliament House
MAC	Ministerial Advisory Council	PAES	portfolio additional estimates statements
MACC	Media and Communications Council	PBS	portfolio budget statements
Mbps	Megabit per second	PhD	Doctor of Philosophy
MHz	megahertz	PLR	Public Lending Right
MOU	memorandum of understanding	PWD	people with a disability
MP	member of Parliament	QC	Queens Council
NAA	National Archives of Australia	QLD	Queensland
NBSIG	National Broadband Strategy Implementation Group	RAA	Regional Arts Australia
NCF	National Communications Fund	RACS	Regional Arts and Culture Support
NICTA	National ICT Australia	RAF	Regional Arts Fund
NIDA	National Institute of Dramatic Art	RBBS	regional broadband services
NLA	National Library of Australia	REP	Regional Equalisation Plan
NMA	National Museum of Australia	RFID	Radio Frequency Identification
NNIC	National Non-profit ICT Coalition	RICP	Return of Indigenous Cultural Property Program
NOIE	National Office for the Information Economy	RLSSA	Royal Life Saving Society Australia
NPG	National Portrait Gallery	RMIT	Royal Melbourne Institute of Technology
NRS	National Relay Service	ROCO	Register of Cultural Organisations
NSC	National Security Committee	RPH	Radio Print Handicap
NSW	New South Wales	RTI	Regional Telecommunications Inquiry

RTIRC	Regional Telecommunications Independent Review Committee	UN/CEFACT	United Nations Centre for Trade Facilitation and Electronic Business
SA	South Australia	UNESCO	United Nations Education, Scientific and Cultural Organisation
SBS	Special Broadcasting Service	UPU	Universal Postal Union
SCADA	Supervisory control and data acquisition	US	United States of America
SDDSO	special digital data service obligation	USA	United States of America
SES	senior executive service	USL	universal service levy
SIA	Sport Industry Australia	USO	universal service obligation
SILG	Strategic Industry Leaders Group for the Digital Content Industry Action Agenda	VIC	Victoria
SLSA	Surf Life Saving Australia	ViCCU™	Virtual Critical Care Unit
SME	small to medium enterprise	VOIP	voice over Internet protocol
SMS	short messaging service	WA	Western Australia
SRG	SCORS Research Group	WADA	World Anti-Doping Agency
SRMC	Sport and Recreation Ministers' Council	WCC	Workplace Consultative Committee
SSA	ScreenSound Australia	WDHC	Workplace Diversity and Harassment Committee
SWG	Statistics Working Group	WiFi	wireless fidelity
TAPRIC	Telecommunications Action Plan for Remote Indigenous Communities	WLL	Wireless local loop
TAS	Tasmania	WSIS	World Summit on the Information Society
TECC	Tasmanian Electronic Commerce Centre	WTO	World Trade Organisation
TES	Telstra Enterprise Services	www	world wide web
TISN	Trusted Information Sharing Network for Critical Infrastructure Protection	xDSL	x digital subscriber line
TSI	Telecommunications Service Inquiry		
TTY	telephone typewriter		
UK	United Kingdom		
ULLS	unconditioned local loop services		
UN	United Nations		

Corrections to the 2004–05 Annual Report

Section 3—Management and Accountability

The section on consultants on page 223 of the Department's annual report for 2004–05 incorrectly referred to the total number of consultancy contracts let during the reporting period as 127, incurring a total expenditure for the year of \$3 053 730.15. This should have referred to a total of 142 consultancy contracts incurring a total expenditure for the year of \$4 095 534.04.

The statement concerning consultants on page 386 of the Department's annual report for 2004–05 incorrectly amended the total number of consultancy contracts let during the reporting period 2003–04.

This should have read 'a total of 165 consultancy contracts incurring a total expenditure for the year of \$7 562 778.32'.

Appendix 3—Staffing statistics

Table 4.4 should have shown DCLB1 and DCLB2 staff as 91 (15 per cent) of staff who volunteered EEO information.

Table 4.6 should have shown the APS6 AWA salary range as \$54 012 to \$62 174.

Table 4.7 should have shown two AWA recipients in the APS1–6 range.

Compliance index

Component	page
Acronyms list	372
Consultants and competitive tendering and contracting	203
Consultants	203
Exempt contracts	205
Contact officer	ii
Correction of material errors in previous annual report	377
Departmental overview	10
Role and functions	10
Organisational structure	14
Outcome and output structure	17
Changes to outcome and output structure	18
Discussion and analysis of the Department's financial performance	205
Financial statements	255
Glossary	366
Internet home page address and Internet address	12
Letter of transmittal	iii
Management accountability	177
Corporate governance	178
Senior executive and their responsibilities	178
Senior management committees and their roles	179
Corporate and operational planning and associated performance reporting and review	184
Risk management	185
Fraud control	186
Ethical standards	186
External scrutiny	187

Judicial decisions and decisions of administrative tribunals	187
Commonwealth Ombudsman	187
Parliamentary committees	188
Management of human resources	191
Workforce planning, staff turnover and retention	193
Certified agreement	197
Australian Workplace Agreements	197
Performance pay	198
Training and development undertaken and its impact	198
Occupational health and safety performance	199
Statistics on staffing	226
Remuneration for SES officers	228
Other information	365
Advertising and market research	244
Discretionary grants	252
Ecologically sustainable development and environmental performance	253
Freedom of information	238
Performance in implementing the Commonwealth Disability Strategy	230
Report on performance	
Outcome 1 (Arts)	23
Outcome 2 (Sport)	73
Outcome 3 (Communications and Information Economy)	93
Performance against service charter customer service standards	188
Review by Secretary	2
Subject index	380
Table of contents	v

Subject index

3G services, 97, 100, 142
10B/10BA applications, 54, 55
10B/10BA review *see* reviews—tax legislation
affecting film investment

A

ABC *see* Australian
Broadcasting Corporation
Aboriginal and Torres Strait Islander
staff, 196, 227, 228
access to telecommunications services, 11, 128
accidents and incidents, 200
accountability standards compliance,
59, 91, 153, 162, 168, 170, 174
acquisitions
National Portrait Gallery, 61, 68
Old Parliament House, 61
acronyms, 372–6
actors, 54
Acts *see* legislation
Additional estimates, 18–19, 206
addresses and contact details
see contact details
Adelaide Fringe Festival, 45
administered assets, 208
administrative tribunal decisions, 187
Advanced Networks Program, 140–1, 165–6
advertising and accountability, 218
advertising and market research, 244–51
alpine safety, 81–2, 87
annual report
contact officer, ii
anti-doping framework, 77, 214
anti-doping initiatives, international, 89
anti-doping policy advice, 88–9
anti-doping research, 81

Anti-Doping Research Panel, 87
see also research, anti-doping
Anti-Doping Research Program Panel, 81
anti-siphoning, 110
anti-spam measures *see* spam
Anzac Rifle Range, 51
APEC, 98
APEC Telecommunications Working
Group, 119
APS values and Code of Conduct, 10, 186–7
Art Indemnity Australia, 43–4, 51–2
art works rental, 57–8
Artbank (art rental collection), 57–8, 207
contact details, 12
see also *Celebrating 25 Years
of Australian Art; Kiripuranji:
contemporary art in the Tiwi Islands*
artistic works resale royalties, 118
artists-in-residence, 27, 36, 51
Arts Northern Rivers Inc., 33
arts sector priorities, 11–12
artsACT, 51
Asia–Pacific region, 134–5
Asia–Pacific Telecommunity, 135
asset management, 207–8
assets, accounting for, 56
assets, administered, 208
assistive technologies, 127
see also National Relay Service;
people with disabilities
attendance at cultural venues
and events, 26
Attorney-General's Department, 169, 170
*An audience with Charles 'Bud'
Tingwell*, 28
audiences *see* visitors and audiences
Audit, Risk and Evaluation Committee,
180, 185

- audits
 - application of regulation 10 of the *Financial Management and Accountability Regulations 1997*, 185
 - Community Phones Program, 153
 - see also* Australian National Audit Office; internal audits
- Ausfilm, 39, 40
- Australia–China film co-production agreement, 55
- Australia Council for the Arts, 27, 57
 - contact details, 210
- Australia Post (Australian Postal Corporation), 107–8
 - contact details, 210
 - investigation of complaints, 225
 - Joint Standing Committee recommendations, 219
- Australia–United States Free Trade Agreement, 170
- Australian Ballet School, 38
- Australian Broadcasting Corporation, 57, 111, 136, 158, 163
 - contact details, 210
 - funding, 98
 - symphony orchestras, 31
- Australian Broadcasting Corporation Amendment Act 2006*, 225
- Australian Bureau of Statistics, 26, 175
- Australian Business Arts Foundation, 39, 40
 - contact details, 210
- Australian Capital Territory
 - touring programs, 35
 - see also* ArtsACT
- Australian Children’s Television Foundation, 39, 40
- Australian Communications and Media Authority, 98, 102, 110
 - contact details, 210
- Australian Cultural Fund, 40
- Australian Direct Marketing Association, 174
- An Australian e-Research Strategy and Implementation Framework, 175
- Australian Film, Television and Radio School
 - contact details, 210
- Australian Film Commission, 29
 - contact details, 210
 - see also* Big Screen
- Australian Government support for the ICT sector*, 117
- Australian High Tech Crime Centre, 174
- Australian history initiative, 69
- Australian Local Government Association, 40
- Australian Museums and Galleries Online
 - see* Collections Australia Network
- Australian National Academy of Music, 11, 38, 39
- Australian National Audit Office, 58, 187, 220–1
- Australian National Maritime Museum
 - contact details, 210
- Australian National University, 140
- Australian Opera and Ballet Orchestra, 27, 31
- Australian Postal Corporation
 - see* Australia Post
- Australian Prime Ministers’ Centre, 30
- Australian Public Service values and Code of Conduct, 10, 186–7
- Australian Ski Patrol Association, 81, 82

Australian software industry and vertical applications markets—globally competitive, domestically undervalued, 117

Australian Sports Anti-Doping Authority, 76
contact details, 210

Australian Sports Anti-Doping Authority Act 2006, 224

Australian Sports Commission, 76, 78, 86
contact details, 210

Australian Sports Drug Agency *see* Australian Sports Anti-Doping Authority

Australian Telework Advisory Committee, 122

Australian Water Safety Council, 81

Australian Workplace Agreements (AWAs), 197–8, 229

Australian Youth Orchestra, 11, 38, 39

Australia's Pit and Symphony Orchestras
review *see* reviews—Australia's Pit and Symphony Orchestras

AUSTSWIM, 81, 82

awards, 71

AWAs *see* Australian Workplace Agreements (AWAs)

B

Backing Australia's Ability, 166

Backing Indigenous Ability, 105–6, 124, 152

Barossa and Light Regional Development Board Broker project, 132

Big Chair Challenge, 51

Big Screen, 26, 37
black spot programs
broadband, 134
radio, 137–8, 157–8
television, 111, 112, 135–6, 156–7

Books Industry Assistance Plan, 42

Breastscreen Victoria, 147

briefings

broadcasting services, 160, 212
copyright, 169
cultural sector, 56
information and communications technology, 167
information economy, 173
sports sector, 88, 89
telecommunications and postal issues, 151

broadband, 104, 105, 124–5, 130, 131–3, 150
uptake, 97, 100, 123

broadband advisers, 133

Broadband Connect program, 97, 98, 104, 123–4, 146–7

Broadcasting Legislation Amendment Bill (No.1) 2005, 110, 225

broadcasting regulation, 110

broadcasting reviews *see* reviews

broadcasting services, indigenous, 136–7

Broadcasting Services Amendment (Subscription Television Drama and Community Broadcasting Licences) Act 2006, 111, 225

brokers, broadband aggregation, 131–3

budget management, 60, 72, 92, 154, 164, 168, 170, 176, 206

budget supplementation, 39

Building Additional Rural Networks, 127

Building Australian communities through sport, 77

Building Australian ICT skills, 115

Building on IT Strengths program, 142–3

Buku-Larrngay Mulka Art Centre, 47

Bundanoon Trust, 39, 40
contact details, 210

business continuity planning, 178, 180

Business Development Fund, 124–5, 150

Buying ICT for your agency—a guide for Australian government officials, 117

C

- cables, submarine, 103
- café patrons, Old Parliament House, 65
- Cancer Institute of New South Wales, 144
- capability framework, 191, 192
- CDMA *see* mobile phone coverage
- Celebrating 25 Years of Australian Art*, 58
 - see also* Artbank
- Centre for International Economics, 59
- Centre for Networking Technologies for the Information Economy, 140, 141
- certified agreement, 197
- children in institutional care, 218
- China, 55, 106
- Circus Oz
 - funding for tours, 26–7
- classification levels of staff, 194, 226, 228, 229
 - see also* Executive Level staff; Senior Executive Service
- Clever Networks, 105, 124, 152
- client consultation
 - broadcasting services, 162
 - cultural sector, 59
 - information economy, 173–4
 - information technology and communications, 167
 - intellectual property, 170
 - telecommunications and postal services, 152
- client satisfaction
 - broadcasting services, 162
 - cultural sector, 58–9
 - information economy, 173
 - information technology and communications, 167
 - Information Technology Online program, 145
 - sports sector, 91
 - telecommunications and postal services, 153
 - water and alpine safety, 81
- Client Service Charter, 188–90, 234, 235
 - see also* client satisfaction
- Code of Conduct and APS values, 10, 186–7
- collaboration, 140
- Collections Australia Network, 12, 41
- Collections Council of Australia, 12, 41
- Comcare, 200
- Comcover, 186
- Commercial Radio Blackspots program, 137–8, 157–8
- commercialisation, 140, 143
- Committee for Information, Computer and Communications Policy, 175
- committees, 179–86
- Commonwealth Disability Strategy reporting, 230–7
- Commonwealth Games, Melbourne, 2006, 12, 78, 79
 - coordination of Australian government involvement, 91–2
 - financial assistance, 85
 - policy advice, 88
- Commonwealth Ombudsman, 187–8
- Commonwealth Place visitors, 64
- Commonwealth Sports Ministers' Meeting, 78
- Communications Fund, 101–2
- communications regulators, 11
- Communications Sector Infrastructure Advisory Group, 120
- communications sector priorities, 10–11
- communications technologies
 - research, 154
- community broadcasting, 159
- Community Broadcasting Foundation, 113, 139, 159
- Community Heritage Grants Program, 11, 29
- Community Phones Program, 106, 125–6, 148
 - evaluation, 155

- compensation claims, 191, 200
- competitive tendering, 205
 - see also contracts; purchasing
- complaints, 102, 108, 161, 178, 188, 225, 234
- compliance index, 378–9
- compliance with accountability standards, 59
- conflicts of interest, 178, 203
- Connect Australia, 104–6, 123–4, 152
- Connect Australia committee, 184
- Constable: impressions of land, sea and sky*, 43
- consultants, 203–4, 220, 377
- consultations, 243
 - ABC funding review, 162
 - anti-doping issues, 89
 - broadcasting services, 162
 - Clever Networks, 152
 - Connect Australia, 105, 124, 152
 - digital radio, 110
 - Do Not Call register, 103, 152
 - film production industry, 59
 - Indigenous communities, 41, 59, 152
 - Intelligent Island funds, 144
 - people with disabilities, 231, 232
 - relocation of rifle range, 51
 - satellite phones, 154
 - spam legislation, 174
 - stakeholders in ballet and opera orchestras, 59
 - teleworking, 122
 - by Telstra, about payphones, 102
 - see also client consultation
- consumer focus groups
 - see client consultation
- consumer protections, 102–3
- consumer representation, 128–9, 150
- contact address
 - annual report information, ii
 - Department, 12–13
 - Freedom of Information requests, 238
- contact details, 210–1
- Contemporary Music Touring Program, 26, 27, 33, 34, 35, 49, 54
- Contemporary Visual Arts and Craft Inquiry, 27
- content filtering, 113, 114
 - see also NetAlert
- contracts, 203, 204, 205, 232–3
 - internal audit, 185
 - see also advertising and market research
- contracts, exempt, 205
- ConVerge*, 33
- Cook's Pacific Encounters*, 43
- Coordinated Communications Infrastructure Fund, 129, 131, 147
 - see also National Broadband Strategy
- coordinating committees, 184
- copyright policy, 117–8
 - see also intellectual property
- corporate governance, 178–84
- corporate management forums, 56
- corporate plan, 184
- corporate priorities see priorities
- corrections to 2004–05 Annual Report, 377
- Crate Show, The*, 33
- Creative Volunteering—No Limits, 27
- Credit Management Code, 102
- Critical Infrastructure Advisory Council, 11
- Crossing Paths*, 45
- CSIRO, 140, 144
- cultural collections depreciation, 56
- Cultural Development Program, 38

cultural development programs, 49
Cultural Funding in Australia—three tiers of government 2002–2003, 42
Cultural Gifts Program, 52–3, 54, 242
Cultural Ministers' Council, 12, 29, 40–2
cultural sector, 24–72
Cultural Tourism in regions of Australia, 42
culturally and linguistically diverse backgrounds,
staff from, 196, 227, 228
Culture and Recreation Portal, 53
Customer Service Guarantee, 101

D

deaf people, telephone services for, 126
see also National Relay Service
decision making, 241–2
Demand Aggregation Brokers, 131–3, 147
Denmark, 68
Department of Finance and Administration,
30, 56, 65
Department of Foreign Affairs
and Trade, 58
Department of Prime Minister
and Cabinet, 57
departmental overview, 10–19
departmental records, 239–41
depreciation of national collections, 56
desktop hardware, 182, 200
digital access to national collections, 56
Digital Agenda review, 118
digital content industry, economic
contribution of, 59
Digital Content Industry Action Agenda, 11, 59
Digital Content Working Group, 104
Digital Data Service Obligation, 101
digital interference scheme, 136, 158
digital radio policy, 10, 98, 110–1
digital television, 98, 108–9, 112
ABC and SBS Digital Interference
Scheme, 136, 158

disabilities, people with
Commonwealth Disability Strategy, 230–7
Radio for the Print Handicapped,
137, 158
staff, 196, 227, 228
see also National Relay Service
Disability Discrimination Act 1992, 230–7
discretionary grants, 252
see also grant administration; grants
diverse cultural and linguistic backgrounds,
staff from, 196, 227, 228
Division 10B/10BA applications, 54, 55
Do Not Call register, 97, 103, 152
Do Not Call Register Act 2006, 103, 222
donations to cultural organisations, 52, 62, 63
doping in sports see sports doping
Dutch Masters from the Rijksmuseum,
Amsterdam, 43

E

e-business, 118–9, 120, 144–5, 174
e-commerce, 145, 175
e-Government Strategy, 53
e-Research Coordinating Committee, 175
e-Security National Agenda, 11, 119–20
e-Strategy Guide, 122
ecologically sustainable development, 253
Education Adviser, Broadband, 133
education and training
alpine safety awareness, 81, 82, 87
in the arts, 38–9, 40
community broadcasting, 139
ICT, 134, 166, 148
ICT research, 140
ICT skills development, 115
Indigenous arts and crafts, 46, 47
National Portrait Gallery programs, 69
Old Parliament House programs, 69

safe and responsible Internet use, 139
 surgical skills, 141
 telecommunication regulation, 106
 water safety, 81, 82, 83, 87
 see also staff training

Educational Lending Right, 42

EEO groups, 227, 228

effectiveness, 91–2

election commitments, 85

Electronic Product Code Network, 144

Elite Indigenous Travel and Accommodation Assistance Program, 86, 88

Ellis Prater Productions, 26–7
 see also Tingwell, Charles ‘Bud’

Emerge tour, 34

employees, Telstra, 101

employer role, in Commonwealth Disability Strategy, 236–7

employment, Indigenous, 217

Enex Test Lab, 153

eNotification, 144

Environmental Management System, 253

environmental performance, 253

ergonomic software, 199

Estimating Aggregate Productivity Growth for Australia: the role of information and communication technology, 175

ethical standards, 186–7

evaluations, 154–5, 186

Examination of policy and regulation relating to Voice over Internet Protocol (VOIP) Services, 103

executive, 16

Executive Group, 179

Executive Level staff, 191, 194, 197, 198, 226, 228, 229
 Australian Workplace Agreements (AWAs), 197, 228, 229

Executive Management Group, 179–80

Exercise, Recreation and Sport Survey, 78–9

Exercise Eclipse, 121

exhibitions

indemnity of, 43–4

National Portrait Gallery, 30, 66

Old Parliament House, 30, 66

Visions of Australia funding, 33

see also touring programs

Exploration of Future Electronic Payments Markets, 175

F

Fair Use review, 118

Fatherhood Festival, 37

Fatherhood Project, 37

Federation Fund, 51

Federation of Aboriginal and Torres Strait Islander Languages, 45

feedback, 234

female staff, 196, 227

Festival Melbourne 2006, 79

Festivals Australia, 26, 36, 49, 54

Regional Residencies Program, 27, 36, 38, 49

see also Fatherhood Festival

Film Australia Limited, 39, 40

contact details, 210

Film Finance Corporation Australia, 39, 40

contact details, 210

Film Licensed Investment Company (FLIC), 49–50

film tax incentives and offsets, 50, 54–5, 57, 59, 242, 365

films, 40

co-production agreements, 55

foreign actors, 54, 242

funding programs, 49–50

- tax incentives and offsets, 50, 54–5, 57, 59, 242, 365
 - see also* Australian Film Commission; Big Screen
 - filtering of Internet content, 113, 114
 - see also* NetAlert
 - finance, 143, 256–363
 - Comcare premiums, 200
 - Commercial Radio Black Spots program management, 137–8
 - communications sector (Outcome 3), 94
 - cultural sector (Outcome 1), 24
 - Old Parliament House conservation and refurbishment expenditure, 64
 - sports sector (Outcome 2), 74
 - staff remuneration, 228, 229
 - value of Artbank collection, 57
 - value of National Portrait Gallery collection, 62
 - value of Old Parliament House collection, 61
 - see also* budget management; grant administration; purchasing; revenues
 - Finance and Budgets Group, 206
 - financial assistance, Commonwealth Games, 79
 - financial management, 205–7
 - Financial Management Information System, 205
 - financial statements, 256–363
 - FLIC Company, 50
 - Flying Fruit Fly Circus, 38
 - focus groups *see* client consultation
 - Forecasting Productivity Growth: 2004 to 2024*, 175
 - Foreign Actors Certification Scheme, 54
 - fraud control, 186
 - free-to-air television services, 108, 109
 - Freedom of Information requests, 188, 238–43
 - full-time staff, 226
 - functions patrons, Old Parliament House, 65–6
 - funding, external, 142
 - funding assistance guidelines, 35
- G**
- Gallery of Australian Democracy, 30, 32
 - Gelam Nguzu Kazi: dugong my son*, 58
 - gender of staff, 226
 - General Purpose Technologies and the Information Economy: an evolutionary approach to macroeconomic modelling*, 175
 - generation Y in ICT, 115, 116
 - geographic information system, 154
 - gifts to cultural organisations *see* donations to cultural organisations
 - gifts to Departmental staff, 178, 187, 203
 - Ginger Room patrons, Old Parliament House, 65
 - glossary of acronyms, 372–376
 - glossary of terms, 366–371
 - Gloucester Online project, 132
 - goals, 10
 - Gold Coast City Council Broker, 132
 - governance *see* corporate governance
 - Graduate Program, 191, 193–4
 - see also* staff recruitment
 - GrangeNet, 140, 141
 - grant administration, 86, 87
 - grants, 54, 232–4, 252
 - anti-doping research, 81
 - consumer representation, 128, 150
 - evaluation of, 154
 - Indigenous broadcasting, 113
 - Indigenous sport programs, 86
 - recreation safety, 87
 - see also* Community Heritage Grants Program
 - green energy usage, 253
 - Greene, Paul, 33
 - guide to report, viii

H

handling of gifts to Departmental staff, 178, 187, 203

harassment, 196

health, occupational *see* occupational health and safety

Health Adviser, Broadband, 133

Health and Safety Representatives, 199

health sector, 133

- cancer data, 144
- NorthernNet* project, 130
- surgical training, 141

Health Week, 199

hearing impaired people, telephone services for, 126

- see also* National Relay Service

heritage buildings, preservation and management of, 32, 63–4, 208

Heritage Management Plans, 64

Higher Bandwidth Incentive Scheme, 104, 123, 146

highways, mobile phone coverage, 128

Hirst, Rob, 33

Hobart, 38

House of Representatives committees and inquiries, 217, 218, 219

House of Representatives press galleries, 67, 70

household access to free-to-air television, 108, 112

household use of broadband, 132

HR Strategic Directions 2006–10, 192

Human Resource Management Committee, 182

human resources management, 191–200

- see also* staff recruitment; staff training; staffing; workforce planning

I

IBM, 140, 200

ICT *see* information and communications technology

ICT Advisory Board, 115

ICT and Australian Productivity: Methodologies and Measurement, 175

ICT Centre of Excellence program, 139–40

ICT Incubators program, 142–3, 165, 166

ICT Skills Foresighting Working Group, 115

Imparja Television, 136, 138

incidents and accidents, 200

income, 207

Income Tax Assessment Act 1936, 57

India, 98, 99, 117

Indigenous arts and culture, 29

- consultation with Indigenous communities, 59
- crafts industry, 46
- indigenous arts centres, 46–7
- programs, 45, 48
- Return of Indigenous Cultural Property, 12, 41

Indigenous Broadcasting Program, 113, 159–60

Indigenous broadcasting services, 136–7, 159

Indigenous communities

- consultations, 59
- sports, 78
- telecommunications, 105–6, 125–6
- television and radio services, 111, 113

Indigenous Community Television Service, 136

Indigenous coordination centres, 201

Indigenous employment, 217

Indigenous languages framework, 11

Indigenous media, 136

- Indigenous Sport and Recreation Program, 12, 86, 88
- Indigenous Sport Development Officers, 86
- Indigenous Television Service, 113
- Indigenous Visual Arts Special Initiatives, 47
- Indonesia, 106
- information and communications technology, 11
 - collaboration, 140
 - commercialisation, 140, 143
 - creating an information economy, 118–9
 - exports, 97, 98, 99, 115
 - industry development, 113, 117
 - infrastructure security, 120, 121
 - initiatives, 117
 - research, 141–2
 - skills development, 115–6, 116, 139
- information economy, 118–22, 172–6
- Information Management Committee, 182, 201
- information sector priorities, 11
- Information Technology Online (ITOL), 118, 144–5, 172–3
- information technology services, 200–1
- infrastructure protection, 120, 121
- injuries, 200
- Innovative Services Delivery, 105
- inquiries
 - broadcasting, 215
 - children in institutional care, 218
 - by clients, 189–90
 - community broadcasting, 212
 - Contemporary Visual Arts and Craft, 27
 - digital television, 212
 - film and related industries, 212
 - government advertising and accountability, 218
 - Indigenous employment, 217
 - by the Ombudsman, 187–8
 - by Parliamentary committees, 188
 - Regional Telecommunications, 103, 127–9, 131–4
 - relationship with Indonesia, 216
 - relationship with Republic of Korea, 216
 - sports doping, 214
 - technological innovation, 217
 - technological protection measures, 170, 218
 - telecommunications regulation, 213
- insurance *see* Art Indemnity Australia
- intellectual property, 94, 169–71
 - see also* copyright policy
- Intelligent Island Program, 143–4
- Interference Management Strategy, 136
- Internal Audit Plan, 185
- internal audits, 185
- International committee, 184
- International Convention against Doping in Sport, 90
- International Financial Reporting Standards, 185
- International Organisation for Knowledge Economy and Enterprise Development, 119
- International Telecommunications Union, 106–7, 134–5
- International Telecommunications Union Plenipotentiary Meeting, 11, 135
- Internet content filtering, 113, 114
 - see also* NetAlert
- Internet Corporation for Domain Names and Numbering, 107
- Internet Industry Association, 174
- Internet Relay Service, 106
- investigations, 188
- IT *see* information and communications technology
- IT Security Expert Advisory Group, 120
- IT Training and Technical Support program, 134, 148, 166
- ITOL *see* Information Technology Online (ITOL)

J

Johnson Pilton Walker, 30, 64
 Joint House committees and inquiries, 219
 joint procurement, 56
 judicial decisions, 187
 Junee Correctional Centre, 45

K

Kahootz, 40
 Kimberley, 147
Kiripuranji: contemporary art in the Tiwi Islands, 58
 Kombumerri Aboriginal Corporation for Culture, 45
 KPMG, 98, 111, 163, 185
 Kurruru Indigenous Youth Performing Arts Inc., 45
Kylie exhibition, 30

L

languages, indigenous, 45
 Launceston, 124–5, 150
 Leaping Loonies, 33
 leave, management and processing of, 220
 see also human resources management
 lectures, National Portrait Gallery, 67
 lectures, Old Parliament House, 66
 legal services, 202–3
 legislation, 241–2
 broadcasting, 111, 225
 film industry, 224
 postal ombudsman, 225
 spam, 174
 sports doping, 224
 telecommunications, 101, 222–4
 television series tax rebates, 50
 legislative reforms, 101, 110, 118
 see also legislation

lending rights schemes *see* Educational Lending Right; Public Lending Right

letter of transmittal, iii

letters *see* Australia Post (Australian Postal Corporation)

libraries

 Educational Lending Rights, 42
 Public Lending Rights, 42–3, 371
 see also National Library of Australia

Limiting supplier liability in ICT contracts for Australian government agencies, 117

linguistically and culturally diverse backgrounds, staff from, 196, 227, 228

loans

 Artbank, 58
 indemnity for, 43
 National Portrait Gallery, 61–2, 63, 68
 see also libraries

Local-e Online project, 127

local government, 132, 133

 Local Government and Shires Association of New South Wales, 127

 Local Government Association of the Northern Territory, 147

Local Government Adviser, Broadband, 133

Local Government Fund, 127

Lodden Mallee Health Alliance Community Demand Aggregation Broker project, 132

M

M2006 Commonwealth Games Taskforce, 79

M2006 Games *see* Commonwealth Games, Melbourne, 2006

Maintenance of Indigenous Languages and Records program, 45

Major Performing Arts Working Group, 41

Malaysia, 106

management committees, senior, 178–84

manuals, 241

Mapoon Aboriginal Council, 126, 148
Marguerite Pepper Productions, 33
Market Access and Partnership Program, 144
market research *see* advertising
and market research
Mary, HRH Crown Princess, 68
Measurement Working Group, 104
media, Indigenous, 136
media advertising, 247–251
media coverage, 71
media reforms, 98, 109, 161, 162,
202, 212
meeting briefs
 broadcasting, 160
 cultural issues, 55, 56
 ICT issues, 167
 information economy, 173
 intellectual property, 169
 sports issues, 89
 telecommunications and postal
 issues, 151
*Meeting the digital challenge: reforming
Australia's media in the digital age*,
98, 109
Memorandum of Understanding
 Indigenous sporting opportunities, 86
Metro Broadband Connect, 106, 134
ministerial correspondence
 broadcasting, 160, 161
 cultural issues, 55–6
 ICT matters, 167
 information economy, 173
 intellectual property, 169
 sports issues, 88–9
 telecommunications and postal
 issues, 151
ministerial services *see* policy advice
and ministerial services
Ministers, 12, 99, 101, 103
m.Net, 140, 141–2

Mobile Connect scheme, 104–5, 124
mobile phone coverage, 127–8, 133
 see also Satellite Phone
 Subsidy Scheme
mobile phone infrastructure, 149
 see also 3G services
mobile phone providers, 102
Movin' in the Outback, 38
Multimedia Development Lab, 124, 150
museums
 repatriation of indigenous remains
 and artefacts, 41
music tour programs, 32–4
Myer Inquiry *see* Contemporary
Visual Arts and Craft Inquiry

N

Nabarlek, 27
National Aboriginal and Islander Skills
Development Association, 38
National Aboriginal and Islander Skills
Development Program, 29
National Archives of Australia, 29
 contact details, 210
National Arts and Crafts Industry Support
Program, 46, 47
national backbone network, 142
National Broadband Strategy, 127,
129, 131
National Broadband Strategy Action
Plan, 11
National Broadband Strategy Implementation
Group, 103–4
national broadcasters, 111
 see also Australian
 Broadcasting Corporation;
 Special Broadcasting Service
National Collections Program, 29
National Communications Fund, 128, 148
 evaluation 154

- National Cybersafe Program, 139
- national digital collections strategy, 56
- National Gallery of Australia
- contact details, 211
 - funding for touring exhibitions, 26–7
- National Heritage List, 32, 63–4
- National ICT Australia, 165–6
- National Indigenous Communication Association, 113
- National Indigenous Television Service, 105
- National Institute of Circus Arts, 38
- National Institute of Dramatic Arts, 38, 208
- National Interest Program points, 40
- National Library of Australia, 29, 218
- collection storage, 55, 217
 - contact details, 211
- National Museum of Australia, 218
- contact details, 211
 - repatriation of indigenous remains and artefacts, 41
- National Non-profit ICT Coalition, 122
- National Portrait Gallery, 11, 30, 207
- acquisitions, 61, 68
 - annual lectures, 67
 - building project, 11, 64–5
 - contact details, 13
 - education programs, 69
 - exhibitions, 66–7
 - loans of art works, 61–2, 68
 - media and publications, 71
 - visitors, 64, 65, 66
 - websites, 69, 71
- National Recreation Safety Program, 81, 83
- National Relay Service, 10, 97, 106, 126, 150
- National Review of School Music Education, 39
- National Transmission Network, 137, 158–9
- National Treasures from Australia's Great Libraries*, 43
- National Water Safety Plan 2004–07, 81
- NBN Limited, 112
- NBSIG *see* National Broadband Strategy Implementation Group
- NBSIG Yearly Update*, 104
- NetAlert, 113, 139, 161
- NetAlert Limited
- contact details, 211
- Networking the Nation, 150–1
- A New Era: the report of the Orchestras Review 2005*, 31
- New South Wales, 127, 132, 144
- black spot projects, 138
 - broadband, 131
 - cancer data, 144
 - Fatherhood Festival, 37
 - Indigenous arts and craft, 51
 - Indigenous traineeships, 46
 - IT training, 148
 - Regional Arts Fund, 50
 - rifle range, 51
 - sporting facilities, 85
 - telecommunications, 127, 147
 - touring programs, 35
- New South Wales TAFE, 147
- New Zealand, 40
- Next Generation Networks Working Group, 104
- No Limits program *see* Creative Volunteering —No Limits
- non-ongoing employees, 226
- Norfolk Island, 40
- Northern Territory, 28
- ICT training, 148
 - Indigenous art centres, 47

Indigenous arts and crafts, 46
telecommunications, 98, 106, 125,
127, 148
touring programs, 35
NorthernNet, 130

O

The Oafs, 33, 34
occupational health and safety, 199–200
 see also pandemic plan
Occupational Health and Safety
 Committee, 181
OECD Committee for Information, Computer
 and Communications Policy, 175
OECD Working Party on Information
 Security and Privacy, 119
Office of Indigenous Policy
 Coordination, 45, 48
Old Parliament House, 30, 208
 accessibility, 233
 acquisitions, 61
 contact details, 13
 education and exhibition programs,
 11, 70
 education programs, 69
 exhibitions, 66
 functions and hospitality, 65
 Heritage Management Plan, 64
 media coverage, 71
 National Heritage List, 32, 63–4, 71
 public events, 66
 refurbishment and conservation works,
 63, 67, 70
 visitors, 64, 65, 66, 69
 volunteers, 66
 websites, 69, 71
ongoing employees, 226
Online and Communications Council, 103
online content regulation, 110
Online Council Review 2005, 103

Opera Australia
 funding for tours, 26–7
Optus, 147
oral history, 218
Orange Regional Gallery, 27
Orchestra Victoria, 27, 31
Orchestras Review *see* reviews—Australia's
 Pit and Symphony Orchestras
Orchestra's Review Implementation
 Reference Committee, 41
 see also reviews—Australia's Pit
 and Symphony Orchestras
organisation chart, 13–15
Outback Fringe Festival, 38
Outcomes and outputs, 17–19, 24–176

P

Pacific region, 107
pandemic plan, 178
Papua New Guinea, 40
Parliament and Civics Education
 Rebate, 69
Parliamentary committees and inquiries,
 188, 212–9
Parliamentary questions on notice
 broadcasting, 160
 cultural issues, 55–6
 ICT issues, 167
 information economy, 173
 intellectual property, 169
 sports issues, 89
 telecommunications and
 postal issues, 151
part-time staff, 194, 226
*Participation in Exercise, Recreation
 and Sport Survey 2005 Annual
 Report*, 78, 80
partICipaTion Summit, 116
Patch Theatre Company, 33
patent applications, 140

- pay television, 110, 111
 - payments, under lending rights schemes, 42
 - payphones, 102
 - people with disabilities
 - Commonwealth Disability Strategy, 230–7
 - Radio for the Print Handicapped, 137, 158
 - staff, 196, 227, 228
 - Superstarters project, 51
 - see also National Relay Service
 - performance information
 - communications and information technology, 95–176
 - cultural sector, 25–72
 - sports, 75–91
 - performance payments, 198, 229
 - philanthropy, 52
 - Philippines, 106
 - Picasso: love and war 1935–1945*, 43
 - Playing Australia, 26, 28, 33, 35, 49
 - policy advice and ministerial services, 160, 161
 - cultural issues, 55–7
 - ICT, 166–7
 - information economy, 173
 - intellectual property issues, 169–170
 - sports issues, 88–9
 - telecommunications and postal issues, 151–2
 - policy advisor role, in Commonwealth Disability Strategy, 230–1
 - policy development, 59–60
 - Port Stephens, 112
 - Portals Framework, 53
 - portfolio, 13
 - Portfolio Budget Statements, 18–19
 - Postal Industry Ombudsman Act 2006*, 107–8, 225
 - postal services, 107–8
 - priorities, 10–12
 - privacy, 11
 - procurement, 203
 - Productivity Growth in Service Industries*, 175
 - program administration, 87
 - communications, 146
 - program funding and grant administration
 - Indigenous Sport and Recreation Program, 86
 - Protecting Australian Families Online, 113, 114
 - Protiviti, 185
 - provider role, in Commonwealth Disability Strategy, 234–5
 - public involvement, 242–3
 - Public Lending Right, 42–3
 - publications, 33, 119, 140, 175
 - see also individual publications
 - by name
 - purchaser role, in Commonwealth Disability Strategy, 232–4
 - purchasing, 203
 - Artbank, 58
 - Commonwealth Disability Strategy, 230, 232–3
 - National Portrait Gallery, 62
 - see also consultants; contracts
- Q**
- Queensland, 28, 33, 58, 128, 132, 148
 - black spot programs, 138
 - broadcasting services, 130, 131
 - Cyclone Larry donations by staff, 198
 - Indigenous broadcasting, 136
 - language programs, 45
 - radio transmitters, 137
 - Regional Arts Fund, 50
 - touring programs, 35

Question Time briefs

- broadcasting, 160
- cultural sector, 56–7
- information and communications technology, 167
- information economy, 173
- intellectual property, 169
- sports issues, 88–9
- telecommunications and postal issues, 151–2

R

radio *see* Commercial Radio Blackspots program; digital radio policy

Reference Group on Productivity Measurement, 175

regional and remote Australia, 11, 33–6

- broadband services, 130
- IT training, 134, 148
- telecommunications, 98, 101, 102, 104–6, 123–5, 125–6, 127, 146–51
- television services, 111, 113, 138
- touring programs, 26–7

Regional Art Fund, 54

Regional Arts and Culture Support program, 45

Regional Arts Australia, 27

Regional Arts Fund, 26, 27, 36, 38, 50–1

regional arts programs, 26–7

Regional Equalisation Plan, 111, 138, 161

regional network, 201

Regional Telecommunications Independent Review Committee, 101

Regional Telecommunications Inquiry, 10

Register of Cultural Organisations, 52, 54

regulation, telecommunications *see* telecommunications regulation

regulator role, in Commonwealth Disability Strategy, 231–2

regulators, communications *see* communications regulators

Regulatory Skills Training Project, 106

remote and regional Australia *see* regional and remote Australia

rental of art works, 57–8

Republic of Korea, 216

resale royalties, 118

research, anti-doping, 81, 84

research and analysis, 59–60, 129, 154, 164, 168, 171, 174

Research committee, 184

research training, 140

resources, 74, 94

Output 1, 24

responses to reviews and proposals, 188, 212–9

- intellectual property management, 170
- Regional Telecommunications Inquiry, 133–4

Return of Indigenous Cultural Property, 12, 41

revenue, 23, 72, 74, 94, 207

National ICT Australia, 140

National Portrait Gallery Special Account, 206

Old Parliament House and National Portrait Gallery, 72

Review of Australia's Pit and Symphony Orchestras, 11

Review of Cultural Agencies, 11, 55–6

Review of the Corporate Governance of Statutory Authorities and Office Holders, 30, 56, 78

Review of the regulation of content delivered over convergent devices, 110

reviews

Australia as a film destination, 57

Australian Broadcasting Corporation funding, 11, 163

- Australian National Academy of Music and
 Australian Youth Orchestra, 11, 29, 39
 Australia's Pit and Symphony Orchestras,
 11, 27, 31, 57
 broadcasting, 162
 Client Service Charter, 188
 Contemporary Music Touring
 Program, 27
 coordinating committees, 184
 Corporate Governance of Statutory
 Authorities and Office Holders, 30, 56
 cultural agencies, 11, 55–6
 digital television conversion
 framework, 109–10
 e-security, 119
 Elite Indigenous Travel and Accommodation
 Assistance Program, 86
 Film Finance Corporation
 Australia funding, 57
 funding of performing arts
 companies, 27
 IT security governance, 120
 National Collections Program, 29
 Online Council, 103
 recruitment, 191
 refundable film tax offsets, 57, 59
Spam Act 2003, 174
 Special Broadcasting Service
 funding, 11
 tax legislation affecting film investment,
 57, 242, 365
 telecommunications, 10
 telecommunications services, 101
 RFID, 144
 risk management, 178, 185–6
 information technology, 120
 roles, 76
 roles under Commonwealth Disability Strategy,
 230–7
 Royal Life Saving Society Australia, 81, 82
 royalties, resale, 118
- S**
 salaries, 197, 228
 Satellite Phone Subsidy Scheme,
 124, 133–4, 149
 evaluation, 154–5
 School Leaver Program, 195
 Secretary's review, 2–9
 Senate committee enquiries, 212–8
 Senior Executive Level staff, 179,
 197, 227
 senior management committees, 178–84
 SES staff, 227
 sex of staff, 226
 shared responsibility agreements, 29
 shooting range, 51
*Social impacts of participation in arts
 and cultural activities*, 42
 South Australia, 38, 132
 Indigenous arts and crafts, 46
 Regional Arts Fund, 50
 sporting facilities, 85
 telecommunications, 128
 touring programs, 35
 South Australian Department for Administrative
 and Information Services, 147
 South West Community Broadband
 Broker, 132
 spam, 11
Spam Act 2003, 174
 Spatial Data Network, 154
 Special Broadcasting Service, 111,
 136, 158
 Special Broadcasting Service Corporation
 contact details, 211
 Sport and Recreation (Anti-Doping) program,
 81, 97
 sporting facilities development, 85

- sports
 - financial support, 12
 - health objectives, 78
 - international competitiveness, 80
 - sports accidents, prevention of, 81
 - sports doping, 12
 - sports sector priorities, 12
 - sports shooting, 51
 - spyware, 174
 - staff, female, 227, 228
 - staff, SES, 227
 - staff development strategies, 198–9
 - staff from diverse linguistic backgrounds, 227
 - staff in EEO groups, 227, 228
 - staff recruitment, 191, 236
 - see also Graduate Program; School Leaver Program
 - staff training, 187, 192, 198–9, 236–7
 - staffing, 194
 - staffing statistics, 226–9, 377
 - standards, ethical, 186–7
 - Statistical framework for the music sector*, 42
 - Statistics Working Group, of Cultural Ministers' Council, 41, 42
 - Strategic Audit Plan, 185
 - Strong Inquiry see reviews—Australia's Pit and Symphony Orchestras
 - submarine telecommunications
 - cables, 103
 - submissions prepared, 188, 212, 217
 - submissions received
 - ABC funding review, 163
 - ABC funding review terms of reference, 162
 - Australian Communications and Media Authority regulatory powers, 162
 - Backing Indigenous Ability, 152
 - broadcasting reviews, 162
 - Clever Networks, 124, 152
 - Connect Australia, 105, 124
 - digital media reforms, 109
 - Do Not Call Register, 152
 - film investment taxation, 57
 - Indigenous Sport and Recreation Program, 88
 - Mobile Connect developments, 105
 - teleworking, 122
 - subscription television, 110, 111
 - subsidies for mobile telephony, 105
 - subsidies for satellite phones, 133–4, 149, 154–5
 - Superstarters project, 51
 - Surf Life Saver, Year of the, 83
 - Surf Life Saving Australia, 81, 82, 83
 - Sydney, 121
 - symphony orchestras
 - see also reviews—Australia's Pit and Symphony Orchestras
- T**
- Tales from the Yard*, 38
 - TAPRIC, 125–6, 148
 - Tasmania, 28, 143–4
 - ICT industry, 124–5, 144
 - Internet filtering, 113
 - Regional Arts Fund, 50
 - sporting facilities, 85
 - Superstarters project, 51
 - touring programs, 35
 - see also Hobart; Launceston

- Tasmanian Department of Economic Development, 143
- Tasmanian Electronic Commerce Centre, 124–5, 150
- tax incentives, 54–5
 see also Cultural Gifts Program;
 Register of Cultural Organisations
- tax incentives and offsets for films, 50, 54–5, 57, 59, 242, 365
- Taxation Incentives for the Arts, 54
- telecommunications
 research, 129
- Telecommunications Act 1997*, 101
- Telecommunications Action Plan for Remote Indigenous Communities *see* TAPRIC
- Telecommunications and Other Legislation Amendment (Protection of Submarine Cables and Other Measures) Act 2005*, 103
- Telecommunications carrier industry development plans—final report July 2004 to September 2005*, 117
- Telecommunications (Carrier Licence Charges) Amendment (Industry Plans and Consumer Codes) Act 2005*, 222–3
- Telecommunications (Consumer Protection and Service Standards) Act 1999*, 101, 102
- telecommunications infrastructure, 128
- Telecommunications Legislation Amendment (Competition and Consumer Issues) Act 2005*, 222–3
- Telecommunications Legislation Amendment (Future Proofing and Other Measures) Act 2005*, 222
- telecommunications regulation, 97, 101, 102
- Telecommunications Service Inquiry, 127–9
- telecommunications services
 price and accessibility, 100
- Telecommunications services available in Australia 2004–05*, 102
- telephone services, fixed line, 100
- television *see* digital television;
 free-to-air television services
- Television Black Spots, 135–6, 156–7
- Television Black Spots—Alternative Technical Solutions program, 111, 112, 135, 156–7
- television content, 163
- television drama programs, 111
- teleworking, 122
- Telstra
 3G services, 100
 employees, 101
 pricing control, 102
 regional and remote services, 102
 sale of, 97, 101
- Telstra Corporation Limited
 contact details, 211
- Telstra local presence plan, 10
- Telstra Social Bonus, 124–5, 127
- Telstra (Transition to Full Private Ownership) Act 2005*, 101, 222
- Thailand, 106
- The economic impact of ICT R&D: a literature review and some Australian estimates*, 175
- time frames for policy advice
 and ministerial services
 broadcasting, 160
 cultural issues, 55–6
 ICT issues, 167
 information economy, 169
 intellectual property, 169
 sports issues, 88–9
 telecommunications and
 postal issues, 151
- Tingwell, Charles ‘Bud,’ 28
- Tough on Drugs in Sport Strategy, 77

touring programs, 26–7, 33–6, 43,
49, 58, 66

see also exhibitions

trade agreements, 170, 206, 215

trade negotiations, 99, 98

Trade Practices Act 1974, 101

traineeships, 46

training

community broadcasting, 139

training organisations, 38–9, 139

training programs, 27, 29

transmission costs, 139

*Trust and Growth in the Online
Environment*, 174

two-door funding policy, 40

U

Uhrig review *see* Review of the Corporate
Governance of Statutory Authorities and
Office Holders

UNESCO International Convention
against Doping in Sport, 12, 76, 77
see also sports doping

United Kingdom, 55

United States, 117

Universal Postal Union, 108

Universal Service Obligation, 101

University of New South Wales, 140

University of Newcastle, 147

University of South Australia, 129

Unlocking the potential see Digital Content
Industry Action Agenda

V

Victoria, 132

Artbank clients, 58

broadcasting, 137

communications infrastructure, 131

Indigenous traineeships, 46

Regional Arts Fund, 50

sporting facilities, 85

touring programs, 35

see also Commonwealth Games,
Melbourne, 2006

Vietnam, 106

vision *see* goals

Visions of Australia, 26, 33, 35, 49, 54

visitors and audiences, 26, 30, 40, 53,
64, 65, 66, 69

indemnified exhibitions, 44

visual arts, 46

Visual Arts and Craft Strategy, 27, 29

VOIP services, 100, 103, 126, 129, 201

volunteers, 27, 66

W

water safety, 81–3, 87

websites, 53, 69

Western Australia

broadband, 132

broadcasting, 110, 137

Indigenous arts and craft, 46

IT network, 201

telecommunications, 98, 106,
125, 148

touring programs, 28, 31, 34, 35

Who Sank the Boat, 33

Wilcannia, 51

women in ICT, 115, 116

workforce planning, 193
Workplace Consultative Committee, 181
workplace diversity, 194, 196
Workplace Diversity and Harassment
Committee, 183
Works on Wheels, 38
workshops, artists', 46
workshops, dance, 38
workshops, indigenous, 45
workshops, songwriting, 34
World Anti-Doping Agency, 81, 89–90
World Anti-Doping Code, 76
World Class Australian Film Industry, 57
World Intellectual Property
Organisation, 118
World Summit on the Information
Society, 11, 98, 107
World Telecommunications
Development Conference, 107
www.culture.gov.au, 53

Y

Year of the Surf Life Saver, 83
Yirrkala, 47